

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
UNIVERSAL CITY STUDIOS,
:
Plaintiff,
:
vs. 82 Civ. 4259
:
NINTENDO CO. LTD. and
NINTENDO OF AMERICA, INC. :
:
Defendants. :
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Before:

HON. ROBERT W. SWEET,

District Judge.

August 8, 1983
10:00 a.m.

APPEARANCES:

TOWNLEY & UPDIKE, ESQS.,
Attorneys for Plaintiff,
BY: DOUGLAS C. FAIRHURST, ESQ. and
MS. SANDRA EDELMAN

MUDGE, ROSE, GUTHRIE & ALEXANDER, ESQS.,
Attorneys for Defendants,
BY: JOHN KIRBY, ESQ. and
HOWARD LINCOLN, ESQ.
THOMAS GALLATIN, ESQ.

1 THE COURT: Mr. Kirby, Mr. Fairhurst, let's
2 discuss the way in which we proceed.

3 My suggestion would be we treat this as an ordi-
4 nary, common garden variety motion for summary judgment
5 in terms of oral argument, and then we play, we see the
6 game.

7 Let's talk in terms of time a little bit, so we
8 know where we are. I apologize for being late.

9 Do we need to see the movies?

10 MR. FAIRHURST: I don't think so.

11 MR. KIRBY: Let me suggest this as an overall
12 thing, which would allow you to stop whenever you want to
13 stop --

14 THE COURT: I would like to stop right now.

15 MR. KIRBY: I would propose this, that my
16 argument, common garden variety summary judgment argument,
17 including towards the end of the argument a few minutes to
18 give you an idea of what the games were, I would estimate
19 would take not much over an hour.

20 I will allude to the movies, and we have stills
21 from the movies for the purpose of comparison, and I would
22 suggest that after that, if it is agreeable to your Honor
23 and Mr. Fairhurst, that Mr. Fairhurst have his response
24 and at that point your Honor decides whether he wants to
25 see one movie, two movies, or parts of the movies, which

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1 we have available in the courtroom for screening, or if
2 you wish us to leave movies with you, or if you wish us to
3 take them away, and then we have our normal rebuttal to the
4 arguments.

5 MR. FAIRHURST: Your Honor, the claim basically
6 doesn't require your Honor look at the pictures in their
7 entirety at all. It is not a copyright case.

8 THE COURT: Your client doesn't own the
9 pictures?

10 MR. FAIRHURST: No. The only thing we are
11 talking about is one scene in particular which suggests
12 King Kong. One would not need to sit and watch the entire
13 1933 picture.

14 THE COURT: I have forgotten how they got the
15 ape from Africa to New York, but there you are.

16 MR. FAIRHURST: That is quite extraneous to
17 any point we are going to make.

18 THE COURT: We will have the argument in any
19 way you want to structure it, Mr. Kirby, and then a brief
20 recess after that and then we will hear from the plaintiffs
21 and then we will see where we go and what time it is at
22 that point.

23 MR. KIRBY: Your Honor, we could run the
24 movie right to -- speed it up and see the last five or six
25 minutes, if that would help.

1 Let me begin, Your Honor. This is only the
2 second appearance by the parties before this Court since
3 this case was filed effectively at the beginning of July of
4 last year. During that time, Your Honor, I think the
5 parties have proceeded with a quite unusual degree of
6 cooperation in completing discovery and getting us in the
7 position where I told your Honor I trusted we would be at
8 the conclusion of discovery in our first meeting last
9 September.

10 At that initial and only pretrial conference,
11 I advised the Court we would be moving for summary judgment
12 on at least the grounds that Universal had conclusively
13 established in line with its interest at that time that
14 King Kong was not a trademark and, further, that even if
15 King Kong were a trademark, that there is no confusion
16 between the rights that plaintiff claimed to own and
17 defendants' Donkey Kong trademark game and its progeny.

18 Discovery is completed and we believe summary
19 judgment is in order.

20 The story that we are to talk about today in
21 part is the story of King Kong. The movie was made in
22 1933. It fairly rapidly became a classic movie. Neither
23 party is arguing about that.

24 Sometime in the early mid-1970s two separate
25 film companies, film producers, decided that they would like

1 to remake the movie, Universal Studios and Dino DeLaurentis,
2 who also had an understanding with Paramount with respect
3 to distribution.

4 THE COURT: With respect to all that, and the
5 collateral estoppel, and so on, do you understand that
6 Universal claims anything more than whatever rights
7 Cooper may have?

8 Secondly, there was nothing in the settlement
9 agreement, if you want to call it that, that related to
10 any rights other than the interchange of rights relating
11 to the two movies, etc.

12 Am I correct in that?

13 MR. KIRBY: Let me take the first point first,
14 your Honor. My understanding of the plaintiff's claim,
15 and indeed I think the only one that would even allow
16 them to walk into this courtroom, is that they claim that
17 everything evolved back upon Cooper but for what they
18 describe as a limited copyright in RKO, a limited copyright
19 in Dino DeLaurentis, and everything else was Cooper's
20 by judicial decision and that by purchase, they purchased
21 all that from him, leaving him only the book publishing
22 rights and certain revenue rights he otherwise would have.

23 THE COURT: That is unrelated, is it not, to
24 the resolution of the litigation, except insofar as the
25 litigation defined Cooper's rights?

1 MR. KIRBY: Yes, it is unrelated except
2 insofar as it defined Cooper's rights and insofar as
3 positions they took in the overall litigation should have
4 direct collateral estoppel effect or judicial estoppel
5 effect here.

6 I am sorry, your second question --

7 THE COURT: No.

8 MR. KIRBY: As a result of the two parties'
9 desires, Universal and DDL to remake this great classic, both
10 negotiated with RKO, apparently unbeknownst to each other.

11 RKO finally informed Universal they had signed
12 with DDL and that was that. Universal was unwilling to
13 leave matters there and as a result of Universal's unwilling-
14 ness, an extraordinary series of litigation events ensued
15 commencing in May of 1975 and not nearly as expeditiously
16 as we are today, not concluding --

17 THE COURT: That is because you and Mr.
18 Fairhurst were not involved.

19 MR. KIRBY: -- until January of 1981, almost
20 six years later.

21 THE COURT: In terms of judicial effect of all
22 of that, isn't the bottom line of all that business the
23 judgment which Judge Real entered on the remand from the
24 Court of Appeals? Whatever effect one is going to give
25 that whole complicated bit of business, it all boils down to

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1 that, does it not? Is there anything other than that?

2 MR. KIRBY: I would disagree to this extent:
3 The final vacated judgments in effect after the remand,
4 which were reinstated, are the ones we are looking to, the
5 Cooper judgment as reinstated, the dismissal with prejudice
6 of the RKO counterclaim --

7 THE COURT: Does it make any difference that
8 part of that was with prejudice and part without prejudice?

9 MR. KIRBY: Yes, your Honor. It makes
10 these differences: Universal bargained for it being a
11 dismissal with prejudice in the settlement agreement with
12 RKO --

13 THE COURT: I am a little unclear as to which
14 was which. Which was with prejudice and which was
15 without?

16 MR. KIRBY: With prejudice was RKO's counter-
17 claims of unfair competition. Without prejudice was
18 Universal's position, its declaratory judgment claim
19 that it had the right to go ahead and make a movie because
20 no one else had any rights in King Kong. That complaint
21 on which Universal won below on remand was dismissed without
22 prejudice.

23 THE COURT: Explain what significance
24 there is with respect to the difference -- with respect
25 to those dispositions.

1 MR. KIRBY: I think the difference is this, your
2 Honor: There is a body of law that if on appeal a judgment
3 is vacated because of mootness and remanded and nothing else
4 happens except a complete dismissal, then even though the
5 parties relied on, benefitted from and it was a final
6 judgment for a period of time, that that will not in a
7 subsequent procedure be given collateral estoppel effect.
8 But when after a trial, after findings it goes up on appeal
9 and because the prevailing party below effectively gets all
10 it wants, enters into a settlement agreement, it is sent
11 back and the district court itself asked to reconsider,
12 what to do, how to dispose of it, because Cooper was
13 rather violently objecting and he didn't think anything
14 was moot, and Cooper, with respect to Universal in the
15 Court of Appeals was his own man.

16 Cooper with respect to the judgments against
17 RKO was not his own man. Universal owned his judgment
18 against RKO and explicitly by the agreement they signed
19 with Cooper had the right to tell him to dismiss that, to
20 cease prosecuting it, to cease defending the appeal, to do
21 anything they wanted. They owned the Cooper judgment that
22 was reinstated.

23 THE COURT: That was by virtue of the 200,000
24 a year agreement?

25 MR. KIRBY: Unfortunately for Mr. Cooper,

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1 the agreement was they paid him 200,000 in advance against
2 payments that would come in from DDL. So he got a single
3 payment.

4 THE COURT: That was while it was on appeal?

5 MR. KIRBY: That was before appeal had been
6 filed. That was within two or three days after Judge
7 Real entered his judgment in favor of Cooper, in favor of
8 Universal.

9 It is our submission that you cannot analyze
10 the Cooper judgment or the dismissal with prejudice of RKO's
11 counterclaims, which is recently, as in their responsive
12 brief here -- they indicate "Yes, that is what we wanted
13 because we wanted to make sure RKO was estopped from
14 suing us again on those theories, " and which Mr. Scheinberg
15 testified in his deposition as the judgment which defined
16 the rights about King Kong. Universal wanted that
17 reinstated with prejudice and got it reinstated with
18 prejudice in front of Judge Real and with RKO's assent to
19 that.

20 THE COURT: You feel that your strongest
21 position on the collateral estoppel is being the determin-
22 ation by Judge Real that RKO's unfair competition claim
23 which was based on Universal's unauthorized use of King
24 Kong, to shorten it, the dismissal with prejudice of that
25 unfair competition claim?

1 MR. KIRBY: It is hard to rank these. I
2 would regard them as being of the same rank as the reinstate-
3 ment of the Cooper judgment which Universal argued was
4 subordinate to and incorporated from the judgment and on
5 which they explicitly prevailed upon Judge Real to include
6 in that judgment.

7 I can't say one is more important than the
8 other. I think that is why it is important to make sure --
9 at least I have sorted out and hopefully I can sort out for
10 your Honor exactly what happened in the course of these
11 proceedings.

12 I don't think, despite the mass of papers
13 generated, that it is that complicated.

14 Essentially what happened is Universal won suit
15 on a contract. They sued RKO in the State Court.

16 Two, they decided, "Wait a minute, maybe we don't
17 need anything from RKO at all" and went in for declaration
18 that without any contract, any license they could remake
19 King Kong, do anything they wanted with King Kong because
20 RKO had no rights, the property was in the public domain.

21 They also sued Cooper. Cooper was heir to
22 the rights his father had generated in doing whatever he did
23 with the original novel, serialization, screenplay.

24 THE COURT: He didn't do anything else, did he?
25 It was just the book and the screenplay, wasn't it? He made

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no effort to enforce or to do anything other than his
relationship with RKO?

MR. KIRBY: As far as we know, it is absolutely
clear that he never did anything at all, including
complaining to RKO about anything they were doing until
I think Judge Real found sometime in around 1964 or '65,
when there was still another King Kong movie licensed.

THE COURT: Did he grant any rights to RKO
or did they just lift it?

MR. KIRBY: RKO took the position before
Judge Real that Cooper essentially was their employee
and what he had done was for them. Cooper said "The only
thing I ever gave them was the right to make a movie and
a sequel and everything else relating to King Kong, which
was mine and my collaborators' idea and the property was
protected by a copyright in a Mystery Magazine article
and a prior publication of the novel" was his and beginning
in 1933 or '34, after the movie, presumptively, from the
record, Cooper's position was, "I was the one who could
license people to make King Kong products. I could license
other movies, merchandise" --

THE COURT: But he never asserted that?

MR. KIRBY: Never did at all. Apparently he
began correspondence with RKO in the mid '60s, but not
litigation until he was brought into this King Kong mess

1 by Universal as a co-defendant. At that point he cross-
2 claimed against RKO and defended against Universal saying
3 there were rights, and he had them, and cross-claimed against
4 RKO saying, "What you have done for the last 42 years was
5 beyond the limits of the contract that my father had with
6 you."

7 During the course of the litigation Universal,
8 having already filed a contract action in the State Court,
9 was not filing a contract action in the Federal Court,
10 and it was essentially in the same position as your Honor,
11 I am sure, has seen before in this court, someone who is
12 threatened with a possible lawsuit comes in and says, "In
13 order to preserve my right and be free of suit, I am
14 seeking a declaratory judgment" and RKO did what you
15 normally expect, came in and made their infringement
16 claims as a counterclaim.

17 Universal said, "We have the right free of
18 claims from anyone to do whatever we want, but particularly
19 to make a movie and call it King Kong and put anything in
20 there as long as we are not taking something out of the RKO
21 copyrighted movie."

22 That litigation proceeded. DDL was also a
23 defendant in the declaratory judgment action and proceeded
24 rapidly to make its movie and settled out early with
25 Universal and agreed to pay Universal money.

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Universal, however, litigated vigorously.

In their brief, their responsive brief, Universal takes the position which I am not sure I want to characterize, but it appears to be that RKO did a completely slipshod job and that Judge Real made some funny decisions and that all in all the thing wasn't exactly litigated as best as it could be on the other side "and that is why we won."

Well, I can't judge that. I don't think that is my job. I do know that Universal in its closing argument, through counsel, after, among other things, being asked by Judge Real prior to closing argument to sort out the trademark copyright business, and in the part of the closing argument devoted to RKO's counterclaims, that part was assigned to Mr. Croft, and Mr. Croft engaged in these statements to the Court, "In this case we introduced a substantial amount of evidence, your Honor, to show that there are third parties apparently unconnected with RKO who have used the name King Kong. I am not talking about the two motion pictures, 'King Kong Versus Godzilla' and 'King Kong Escapes', which apparently were licensed by RKO, but rather the wealth of material which we have introduced from the copyright office."

He then refers to books, monologues, songs, and cartoons, and says all of this shows a lack of exclusivity of use by RKO, and at least having brought these matters

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1 forward, RKO should have, if they thought or contended
2 these documents or songs were under permission from RKO,
3 come forward and proven that it was by permission from RKO,
4 and the inference has to be to the contrary.

5 Further, Judge Real says, "Let me ask you: Is
6 this a trademark or a trade name at all?

7 "MR. CROFT: That is a good question, your
8 Honor. We don't know.

9 "THE COURT: Isn't that the trademark of RKO,
10 or it was at that time?

11 "MR. CROFT:" --referring to the tower with the
12 radio beams -- "It was certainly the identifying logo of
13 RKO. We don't think King Kong can be a trademark because
14 of the dilution, because of its usage in the English
15 language, so much so that it has been diluted beyond RKO,
16 but we made that point and I don't want to belabor it."

17 THE COURT: And you say amen, it is so today?

18 MR. KIRBY: I not only say amen, I say
19 we could put curtains over those games and you never
20 have to look at them, because Universal is bound by what
21 it said collaterally, and it is bound judicially, and even
22 if they didn't have estoppel effects at all, we will
23 demonstrate that Universal didn't acquire the trademark as
24 a result of these judgments.

25 THE COURT: One of the ways Mr. Fairhurst

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1 seeks to meet that argument, he says, "Well, okay, so
2 maybe --" he won't concede any collateral estoppel and
3 he has 16 complicated legal reasons why it was in the
4 collateral estoppel, but then says "All right, maybe
5 Judge Real did this thing, and that was whenever it was."

6 THE COURT: When did Judge Real do his final
7 thing?

8 MR. KIRBY: In 1981, your Honor, the Cooper
9 final judgment reinstated. The final findings of fact
10 and conclusions of law on the Cooper judgment were entered
11 here after the master reported on the damages, in 1979,
12 and they were reentered after the remand in January of 1981.

13 THE COURT: I thought one of his principal
14 points was that there could be a change as a result of
15 the DeLaurentis remake, etc., and even if the facts
16 were established as they were -- found as they were by
17 Judge Real back in the late '70s, it had been changed,
18 but that is a little hard to say, isn't it, if the final
19 judgment was '81?

20 MR. KIRBY: Yes, your Honor, I think it is
21 a little hard to say, but I think there are other reasons.

22 I think that when you get through the entire
23 Universal response to the collateral estoppel point --
24 your Honor has put the finger on the only thing that could
25 possibly give them relief, and that is that there has been

1 a change in circumstances.

2 I think it is appropriate to analyze that, your
3 Honor. Number 1, they owned that judgment in 1981. They
4 had that judgment reinstated with its finding that it was
5 in the public domain. This was four years after that
6 brief spurt of licensing activity.

7 Your Honor, Universal attempts in their argument
8 to say there is something peculiar about a trademark,
9 that collateral estoppel doesn't work in the trademark
10 area. There is no doctrine to that effect. There is a
11 general doctrine which I think is a normal, sensible
12 doctrine that I endorse, and that is that if someone comes
13 in and is met with a claim of collateral estoppel and
14 they say the issues are different, things are really
15 changed, "Let me demonstrate what has been happening in
16 the meantime and why we should be relieved from the estoppel
17 effects of prior findings, prior judgments," then I think
18 Courts have listened but they have not said, "All right,
19 it doesn't matter, come in and say anything, allege anything
20 and we will start de novo." There is a heavy burden, your
21 Honor.

22 In our brief we cite Judge Wyzanski's opinion
23 in the Miller Lite case, 1981, First Circuit. There,
24 confronted with very much the same argument, Miller had
25 lost a string of cases where it alleged that Lite was

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1 their trademark. In this case they came in and said, "Wait,
2 it has been previously found Lite was sort of used as part
3 of the ordinary English language, didn't have any trademark
4 significance referring to Miller, but times have changed.
5 We can show a lot more people think it does have trademark
6 significance."

7 Judge Wyzanski said "That is not what you have
8 to do. Once there has been a finding that this is part
9 of the ordinary English language, once it has been diluted,
10 once it is found that it has no secondary meaning, then
11 you have to come in and show that it has ceased to have any
12 reference other than the trademark reference which you
13 are now alleging. That is what the collateral estoppel
14 effect of the prior judgments is."

15 In this case we have several things to look at:
16 One, the date, January, 1981; two, the quality of what
17 Universal alleges is essentially the same. They said
18 there were license agreements. Yes, there were licenses
19 granted. The record made on their affidavit shows those
20 licenses were largely granted in anticipation of the
21 movie.

22 Your Honor, it is not totally clear on the
23 record but it is clear enough from the affidavits they put
24 forward that the remake of RKO was a widely ballyhooed movie
25 and everybody was wondering who was going to make it, DDL or

1 Universal, and people said "Yes, we will sign up for
2 licenses."

3 Those licenses which are detailed in their
4 affidavits had a brief duration and have all expired. They
5 all expired almost immediately.

6 Your Honor would have to ask whether or not
7 that represents a revival, a reinstatement, represents, in
8 a sense, a new trademark which Universal somehow has
9 erected the good will of, even though of course it wasn't
10 their movie.

11 I would say this, your Honor: If Universal
12 had come into this court and said the trademark they relied
13 on was the trademark, by contract, or whatever, they
14 acquired and the good will that was generated by the DDL
15 movie, by the Paramount licensing, admittedly for a very
16 brief period -- if they said "That is our trademark,"
17 then your Honor might want to seriously reexamine the
18 collateral estoppel effect. I think you would still
19 decide that there is collateral estoppel, but they didn't
20 say that.

21 THE COURT: One thing they say which
22 rather puzzles me is that they say they have all RKO's
23 rights in a cause of action.

24 MR. KIRBY: They have disavowed that as
25 giving trademark significance. What they said in testimony

1 about that, your Honor, is that RKO was a constructive
2 trustee under the Cooper agreement and that therefore they
3 wrote to RKO and said --

4 THE COURT: This is just to reinforce their
5 Cooper position?

6 MR. KIRBY: Yes. That is what they said
7 and that they do not rely on the source of their right
8 here.

9 They didn't say "Our trademark developed with
10 the DDL-Paramount 1976 movie which Cooper, who we succeeded,
11 had rights to"; they said this is a trademark, and that is
12 in their complaint and the answer to interrogatory 8 says,
13 "Acquired secondary meaning with the public sometime
14 subsequent to RKO General's release of the motion picture
15 King Kong in 1933 and prior to the release by Paramount in
16 1976."

17 THE COURT: One of the things I find
18 interesting is your emphasis on the collateral estoppel,
19 and regardless of how that comes out, I still have to deal --
20 I couldn't dispose of this case on the collateral
21 estoppel issue alone, in my view, even if I were to agree
22 lock, stock and barrel. I don't think it would be
23 appropriate -- maybe that is wrong, but my feeling is that
24 I have to come to grips with whatever it is that we are
25 talking about which, as you have skillfully pointed out, is

1 not too easy to figure out what it is. But whatever it is,
2 it is clear that your client used it, isn't it? He
3 referred to King Kong and the Kong with a gorilla has got
4 to be King Kong, doesn't it? Leaving for the moment
5 whatever rights Universal may have, that was the reference,
6 was it not?

7 MR. KIRBY: Your Honor, as we pointed out,
8 and I point out here and urge very strongly, that if you
9 examine the depositions of the Japanese defendants, which
10 actually take very little time, yes, the ones that were
11 primarily responsible for developing the game did use as
12 a working title after changing it from Bluto and they made
13 a gorilla -- they did refer to it as Kong. He testified
14 "To me, Kong is a gorilla."

15 There is no doubt and I don't argue that
16 whether some of these people had seen the movie, some had
17 not -- the King Kong gorilla was pervasive as part of their
18 backgrounds. Mr. Scheinberg at Universal testified you
19 would have to have grown up in a cave not to have heard of
20 it.

21 The pictures, the themes we presented showing
22 how pervasive it was, the literary references -- it would
23 be unbelievable if I told you those witnesses said
24 when they started talking about a gorilla and put a gorilla
25 on the top of what had been a pier structure, and then

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1 they made it into a building structure, and started calling
2 it Kong that they didn't have somewhere in the back of their
3 mind Kong.

4 THE COURT: To the extent we are using the
5 Polaroid factors, which both of you pointed out that we
6 can't, for the obvious reason that they just don't fit
7 the situation -- to the extent that they do, in terms of
8 conscious intent, whatever, your clients really did make
9 the identification. That leaves us really with the
10 issue as to what it is Universal has, if anything.

11 MR. KIRBY: No, your Honor, I disagree with
12 that. They did not make the identification, they made
13 the association and there is a substantial legal difference
14 because there is no reason under law why people can't,
15 shouldn't and wouldn't be expected to make the association.

16 THE COURT: Would it make any difference -- I
17 have not seen the game but obviously just like Judge Real
18 I am familiar with the movie -- would the size of the ape
19 make a difference?

20 MR. KIRBY: Sure, your Honor.

21 THE COURT: Is this a big ape or a little ape?

22 MR. KIRBY: Your Honor, I think the easiest
23 way is -- could I ask my expert, your Honor, to demonstrate?

24 This is the beginning of the game. That is
25 the little carpenter running up and he is avoiding the

1 barrels --

2 THE COURT: This fellow is a very good game
3 player, world class.

4 MR. KIRBY: He is picking up the hammer now,
5 with which he beats the barrels. He has now arrived at
6 the top, scores more points and this switches the board
7 action and the object here is to make the building
8 structure collapse by knocking out the rivets and picking
9 up obvious King Kong artifacts, like umbrellas, little
10 dainty parasols that are left around.

11 THE COURT: Could we not agree that this gorilla
12 is about twice the size of a human, just pictorially?

13 MR. KIRBY: I think in that game I would
14 say yes, your Honor. King Kong, of course, was 50 feet
15 tall.

16 Your Honor, I do not agree, and let me make
17 sure I make this clear -- I do not agree with anything
18 other than it is abundantly clear that the Nintendo
19 employees when they took this game, which your Honor had --
20 this is an exhibit to the Miyamoto deposition -- when they
21 took the game on the right, it was developed as a Popeye-
22 Bluto game. This was a port structure, he was rolling
23 barrels down a ramp at a port and Popeye was invigorating
24 himself with spinach.

25 When they decided that they could not as a matter

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1 of the computer technology available at that time make the
2 characters clear enough so that you could make out what
3 they were -- you wouldn't be able to see it was Bluto
4 and Olive Oyl and Popeye -- they changed that, in the first
5 instance changed the Bluto character to a bigger character,
6 a similar big character, who was going to also be funny,
7 and also be trying to keep the girl away from the hero
8 character, and when they changed that to a gorilla, the
9 one doing the drawing started calling it Kong. He is also
10 the man who testified that in naming the game his favorite
11 was "Build On." That is what he wanted to name the game.
12 No one should dispute that they had the King Kong story
13 vaguely in mind. Some had seen the movie -- Miyamoto
14 had not -- and when they were talking about it they
15 concluded Gorilla didn't sound right and they were going
16 to call it something with Kong and looked up in a
17 Japanese-English dictionary to find something that sounded
18 funny, and they came up with Donkey.

19 The people in California said that was the
20 dumbest name they ever heard, what does it mean, but there
21 was association, these people had it in their mind, the
22 same way as when we presented to the Court in the Riggio
23 affidavit hundreds of commercial uses when they talk about
24 someone being big and savage and call him King Kong have
25 King Kong in mind.

1 That doesn't mean, apart from anything else we
2 have said, that King Kong is a trademark, nor does it mean
3 that anyone looking at that game would think that that
4 game originated with the movie, nor does that answer a
5 number of the other questions about what the trademark is,
6 which I would like to address --
7

8 THE COURT: Staying with the intent and
9 identification of identity of the concept, for lack of --
10 you would say that the -- I forget whose affidavit it is,
11 but the opinionresearch affidavit that goes around and
12 checks the operators of these arcades and so on -- you would
13 say that that identification, assuming for the moment that
14 the technology of the survey and all of that jazz is
15 already -- you would say they are doing exactly the same
16 thing that your client did, it is the same kind of
17 association that they are making and it has no trademark
18 significance?

19 MR. KIRBY: The survey?

20 THE COURT: Yes.

21 MR. KIRBY: Absolutely, your Honor. The
22 significant question, the methodology of that survey,
23 without cross-examination is so flawed as to make it non-
24 useable.

25 When they get to the question of who makes
it, not one of them said Universal or the people that made

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1 the movie, not a single one.

2 Regardless of the answer to that question
3 they say, "Do you think Donkey Kong is like King Kong?" and
4 they got 18 per cent who said sure.

5 This is not a record statement, but if you
6 will indulge me in argument, if you or I walk up to a
7 group of people, adults who have never seen that game,
8 who have never seen licensed dolls, who have not been out
9 buying the Donkey Kong cereal, who have not been buying the
10 T-shirts or don't have children who are in the age bracket
11 who are familiar with these games, and you say "Let me
12 tell you about this game that I have to make a decision
13 about. In this game there is a woman and she is at the
14 top of a building and there is a gorilla and it is at the
15 top of a building and somebody is trying to save the woman
16 and he runs up the building and the gorilla tries to stop
17 him from saving her, what does that remind you of?"

18 You would get a lot of people saying King Kong,
19 and I would say King Kong.

20 THE COURT: Just as to identity, I don't
21 recall this about the movie -- was there an effort to
22 save -- first of all, was Fay Wray on the Empire State
23 Building with King Kong?

24 MR. KIRBY: She was cowering at the bottom of
25 the observation tower.

1 THE COURT: In the DeLaurentis movie was the
2 woman --

3 MR. KIRBY: Jessica Lange, your Honor. She
4 was at the top of the World Trade Center.

5 THE COURT: In the movies, was Mario the
6 Carpenter or his equivalent trying to save her? I know
7 about the airplanes, and all.

8 MR. KIRBY: He was trying to find her, your
9 Honor, and save her from the ape.

10 THE COURT: Where was he at the time of the
11 airplanes, and so forth?

12 MR. KIRBY: Eventually, at the time of the
13 airplanes, as I recall the movie, he was standing there
14 holding her at the foot of the observation tower, King Kong
15 was above them, and they are sitting there and in a sense
16 it becomes a very sad story --

17 THE COURT: In the DDL movie does the hero
18 get to the top of the building?

19 MR. KIRBY: They have no interaction with the
20 ape at all --

21 THE COURT: In the movies?

22 MR. KIRBY: Yes. He is just there, he has
23 found her.

24 THE COURT: Would you say from your point of
25 view the trademark claim, whatever it is, the essential

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1 missing quality is the identification with the owner of
2 the trademark? Is that the point?

3 MR. KIRBY: The essential claim is this, and
4 I think your Honor is really stating it, that the trademark
5 is supposed to signify a producer, a source, an origin,
6 that King Kong -- that the use of King Kong or a King Kong
7 product which we have, notably, none here, except one
8 electronic game now, that one looks at those and one thinks
9 that the source of this is King Kong.

10 When someone -- Universal or a movie pro-
11 ducer-- when someone goes to an amusement park and they
12 have a King Kong ride, they don't say sponsored by the maker
13 of the movie, and particularly, your Honor, in this case
14 they don't, and I will get back to the trademark status,
15 but in this case Universal tells its employees "If you are
16 going to make an ape when we develop something, don't make
17 it look like the ape in the movie, don't have anything
18 that will be confused with the movie, don't have anything
19 that will call up the movie in people's minds, make it a
20 generic ape, a zoo ape, a wild ape."

21 The people standing up and saying "We own a
22 trademark," don't own that scene, that grand image. They
23 can't. For a lot of reasons, they don't have a trademark.
24 We asked a lot of times what their trademark is and we
25 say that graphic scene doesn't call up Universal, the

1 trademark owner, it calls up the copyright owner, perhaps,
2 and that graphic scene could not and is not confused -- there
3 is not a single instance of actual confusion, not a single
4 one.

5 There are over seven million of these products
6 out on the market now and not a single instance identified
7 by either plaintiff or defendant of actual confusion, and
8 looking at this, looking at that, looking at the products,
9 your Honor can determine as a matter of law that there is
10 no likelihood of confusion, no actual confusion and no
11 likelihood of confusion.

12 THE COURT: Suppose I concluded that this is
13 the movie, or close to it, would you say that Universal
14 was in a position to do anything about that?

15 MR. KIRBY: To do anything --

16 THE COURT: The theme is the same, the ape is
17 big, the girl on the top, etc., and there is a confusion
18 in terms of the movies; does Universal have any rights?

19 MR. KIRBY: I would say Universal has no
20 rights in terms of the movie, but your Honor couldn't make
21 quite that conclusion anyway. Leaving aside the fact
22 that they don't own the movie, your Honor would have to
23 be judging this against something, some specific graphic
24 image, some symbol. You can't judge it against the story
25 because the story can't be trademarked.

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1 First of all, even if there was some body of the 1
2 law that allowed you to trademark stories, and there is not, 2
3 this story, as we have indicated, goes back thousands of 3
4 years. So you can't take that idea out of commerce. 4

5 You can't take the beauty-and-beast theme out of commerce. 5

6 One of the things notably lacking here is that 6
7 we forget about collateral estoppel. If we forget about 7
8 how they allegedly came to be owners, what is it that they 8
9 own, what is the trademark? 9

10 We have had great difficulty in the course of -- 10
11 difficulty in making this argument as to confusion, because 11
12 your Honor is sitting there normally with two gloves, 12
13 comparing them and getting general impressions, but what are 13
14 we looking at here? Universal's attorney, to my astonish- 14
15 ment today, said your Honor doesn't have to look at the 15
16 movies. Yet in their answers to interrogatories when we 16
17 asked what their trademark is they said anyone could look 17
18 at the movie to see if there is confusion. Where is the 18
19 trademark? 19

20 In their brief they talk about it is sort of 20
21 a big ape, any big ape with a woman, any big ape with a 21
22 woman on top of a building. They can't do that. They 22
23 have to have some symbol, some fixed thing with whatever 23
24 permutations are on it that when people look at it they 24
25 say "Yes, they came from, where? The RKO movie." RKO is 25

1 out licensing stills now --

2 THE COURT: Your position would be that if I
3 concluded this is an infringement of the movie or a still
4 of the movie or a scene in the movie, it still would not
5 in any way affect their rights?

6 MR. KIRBY: I would say it wouldn't affect
7 their rights because they don't have a trademark. Your
8 Honor would have to find a copyright infringement.

9 THE COURT: On the movie?

10 MR. KIRBY: On the movie, and there is
11 clearly no copyright infringement. They are not arguing
12 that there is a copyright infringement and if RKO were in
13 here arguing it we would sit and watch the movie and ask them
14 to watch Mario the Carpenter go up and get his hammers
15 and parasols and tell us where there is infringement.

16 Not to linger on collateral estoppel, because
17 that is covered in the briefs, but the important elements
18 your Honor has identified is that essentially what we are
19 relying on is this judgment purchased by, owned by,
20 controlled by Universal for a five-year period --

21 MR. FAIRHURST: I am sorry, I can't see that.

22 MR. KIRBY: Copper's final judgment reinstated,
23 1/5/81. We also rely on the dismissal with prejudice
24 of what would normally have been the plaintiff's actions,
25 RKO's actions, "You have infringed our trademark," dismissed

1 with prejudice.

2 As a result of all this, and I think I go into
3 this only for a moment, your Honor, because I think it is
4 very important in considering the judicial estoppel point
5 and I don't want to argue the law on that. I think it is
6 absurd to say that this is a doctrine that finds itself
7 only in Tennessee. It is a doctrine the Federal Courts
8 use and use properly to protect their integrity.

9 What happened as a result of all this?
10 Remember back here Universal had nothing, had no rights to
11 King Kong at all (indicating).

12 THE COURT: They thought they had an oral
13 agreement.

14 MR. KIRBY: Let me go back here: before they
15 even bargained, they had no rights. Then they thought
16 they had an oral agreement and they go to court. When
17 they walk out of court they had DDL and RKO effectively
18 paying over all the money or a good portion of the
19 profits from what was not a very profitable movie, the 1976
20 remake -- they claim they own all the rights that Cooper
21 had and they get a good portion of this from this
22 settlement.

23 This settlement, Mr. Scheinberg, between RKO
24 and Universal, effectively between RKO and Universal
25 contained provisions for the State Court action being

1 dismissed with prejudice, and Universal agreed to that,
2 and for RKO withdrawing its appeals in the federal action.

3 In this action Mr. Sheinberg testified "We
4 didn't have to discuss the status of King Kong because we
5 had a Federal Court ruling that was res judicata and the
6 only issue here was damages," and as Mr. Scheinberg
7 testified, and I don't quote him exactly, but once RKO saw
8 the prospect of those damages they didn't have any
9 alternative but to settle. And why? Because of this
10 Federal Court judgment, your Honor.

11 In this case I suggest that in protecting the
12 integrity of the courts we are talking about the use of
13 federal judgments also, we are talking about someone who
14 makes their arguments, gets their judgments, uses them to
15 get money in a State Court and uses them eventually in 1981
16 to look back and say "RKO, you got your movie, we got
17 everything else. Cooper, you got book publishing rights
18 but everything is in the public domain anyway, so you don't
19 really have anything there and nobody has any rights to
20 King Kong now, except us," and a year later, "Nintendo, you
21 are violating our trademark."

22 How did they get that trademark? Let's
23 forget collateral and judicial estoppel. I believe on
24 either of those grounds you could and should decide this
25 case but I would not urge in terms of the total efficiency

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1 of doing this that you decide on those grounds alone. 1

2 I do think you should consider other aspects 2
3 of it. I am not so sure that you ever have to unveil 3
4 these games because if Universal has a trademark, they 4
5 have to have obtained it from somebody. 5

6 What do they say? We asked them where it 6
7 came from and eventually in their responsive brief we get 7
8 it narrowed down to two things: One, this judgment, 8
9 interlocutory in 1976, made final here, that "we purchased 9
10 in 1976." 10

11 It is our position that as a matter of law 11
12 you can't get a trademark the way they said they did. 12
13 Number one, let's forget general collateral estoppel. 13
14 There is no doubt that Judge Real did enter findings in 14
15 1976. When we dismiss the doctrine of collateral estoppel 15
16 we don't reverse history. He did make findings and 16
17 found there was no trademark. Universal said to him 17
18 "Judge, remember, we are first, we started this and this 18
19 judgment is subordinate to our judgment. They made that 19
20 to you orally and you agreed and make sure this judgment 20
21 conforms to that, make sure that it indicates that the 21
22 no trademark, in effect, passes." 22

23 So Universal, when the judgment was entered, 23
24 didn't think a trademark was transferred from RKO to 24
25 Cooper and they were buying that. Judge Real didn't think 25

1 that. He had just found there wasn't any trademark and
2 Cooper didn't think that, because he might have disagreed
3 like heck, and he was going to appeal, but he knew what
4 Judge Real had just done and he was selling out for an
5 advance of \$200,000 what were by that time pretty
6 darn limited rights.

7 So as a matter of what the parties were
8 doing, what they intended to do, no trademark was
9 transferred.

10 Now, could you look at what I agree is very
11 broad language -- Judge Real said "You, Cooper, there is
12 no trademark but for the movie and the sequel; RKO is
13 in violation of the contract and therefore you have
14 everything."

15 He spelled out what everything was. He said
16 "I can't give the revenues past '72 because of the statute
17 of limitation. There are contracts out there now and
18 they are not entitled to those contracts and they should
19 assign them to you."

20 Universal, when they were buying, said but
21 for these certain limited rights, they were buying
22 everything -- "You agree we are buying everything." While
23 on the one hand everybody thought there was a trademark,
24 no one intended a trademark to pass, and could those
25 broad words have resulted in a trademark being passed?

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1 It is our position that as a matter of law
2 it can't. You don't play fast and loose with trademarks
3 like that. Trademarks are not property rights like a
4 desk or indeed like a copyright or a patent, they are
5 rights to grow up to signify the good will that has been
6 generated and that people understand when they see that
7 mark that the sponsor, the person who has generated that
8 good will, is the manufacturer, the licensor, but he stands
9 behind it, and that is why in trademark law they say
10 that if you are going to do things like transfer a trade-
11 mark, you have to be very careful. You can't make a naked
12 transfer of a trademark.

13 In looking over our brief, your Honor, our
14 reply brief, I was struck by something that might be a
15 possible -- we may have possibly lent ourselves to mis-
16 understanding and I want to make sure what I say now is
17 clear and that I dissipate it -- I believe that Judge
18 Real could have transferred a trademark. I believe that
19 Judge Real, or you or anyone else, confronted with a 45-
20 year-old breach of contract, where the person who had
21 supposedly had all rights flowing to him and someone else
22 was out there operating in breach of contract, not a
23 stranger, someone with a contractual relationship, was
24 out there operating as he owned it when he didn't -- I
25 believe Judge Real could have said that among the things

1 this perpetrator accomplished is a trademark and even
2 though under normal circumstances the trademark owner,
3 the licensor -- the contractor here -- haven't done any
4 of the things we require somebody, someone to do to
5 preserve the trademark, you have not policed it, stood
6 behind it, protected it. For 45 years you acted as if it
7 didn't exist and nevertheless, dummy, we are going to give
8 you the trademark."

9 How could he do that? He could have said
10 "I am transferring the trademark. Number two, since
11 he would know or would be advised by counsel that you can't
12 transfer the trademark nakedly, I would have to transfer
13 it with good will." What would the good will be here?
14 Universal in this court identifies the good will as being
15 the good will developed by the movies.

16 "If Cooper had been dumb enough to sign an
17 agreement as the licensor to give someone else the ability
18 to go in the market first, his licensee and, in effect,
19 establish what King Kong was, as apparently he was -- it
20 wasn't too swift ---but if he had done that and Judge
21 Real decided that the 45 years of contractual violation
22 required him to do equity, he could have said things, "Since
23 the good will is developed by the movies and since you have
24 misused your rights, what I am going to give you, Mr.
25 Cooper, is the ability to invite the copyright. They are

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1 still going to own it but you can refer to it, you can
2 license, you can do all the things so that people will
3 understand that even though you didn't know it and RKO
4 didn't know it and the public didn't know it I am going to
5 retroactively make you the owner of the trademark."

6 But he didn't do that. He didn't do a single
7 one of those things and the case that both sides cite
8 in their briefs, Johanna Farms, Inc. v. Citrus Bowl, Inc.,
9 which is a case in the Eastern District in 1978, the
10 Court dealing -- and both sides, you remember, talking,
11 Universal and us, about what someone can do, ". . . a
12 similar and yet distinct defense of abandonment arises when
13 a trustee in bankruptcy attempts to assign a trademark
14 without the corresponding transfer of the good will
15 which the mark symbolizes. Despite the fact that the term
16 'abandonment' indicates a conscious forfeiture of rights in
17 a mark, in this hybrid form, intent doesn't necessarily
18 come into play. In such a case, the transfer may
19 possess the genuine intent to maintain the availability
20 of the mark, but if he transfers the mark without the
21 concomitant good will, his good intentions will not
22 breathe life back into the devitalized mark. Such an
23 inescapable fate arises from the nature of a trademark."

24 Your Honor, in this case, in the case we have
25 here, nobody intended it. So, naturally, when they got

1 around to writing up the Cooper judgment and got around
2 to writing up the Cooper Universal agreement they would not
3 do any of the things which would result in a trademark
4 going.

5 What is the best evidence of that? The
6 documents. You can read the documents. The documents
7 are there.

8 But there is more evidence in this record and
9 this evidence is the effect of what happened back in this
10 1975-81 period and to date. Normally, when somebody
11 owns a trademark, as I said before, you say to him "How
12 did you get that trademark?"

13 "I did this and registered this and did
14 that."

15 "What is your trademark?"

16 "Well, here, look at it."

17 Universal didn't do any of those things and
18 the reason they don't is because not when the common guy
19 like us walks out and says, "Oh, does that originate
20 with the maker of the movie?" but it is when the
21 sophisticated person, the person who wants to use King
22 Kong in an advertisement or in connection with a product
23 comes out and says, "Oh, who do I see about this?"

24 "RKO."

25 "Well, that is the scene. Okay."

1 "Where are you going to use it? Are you
2 going to use it on a poster? You better go see Universal."

3 Universal: "You can use the poster, but you
4 better get a license here."

5 Nobody knows who owns the darn thing or, for
6 that matter, what it is.

7 This goes back inescapably to the judicial
8 and collateral estoppel thing. Universal got a little
9 too clever and were beating everybody around pretty good,
10 making their arguments very nicely, come out with the
11 declarations that it is gone, and then they say, "Oh, Cooper,
12 you are running out of money. Here is \$200,000 to pay
13 your lawyers, a little advance, and give us everything,"
14 and then five years later they decide, "By the way,
15 that included the trademark. Of course, Cooper, you
16 didn't think it included the trademark, Judge Real didn't
17 think it included the trademark, because we convinced him
18 it didn't," and I don't know what Universal thought. Maybe
19 they thought there was a trademark. All I know is what
20 they said. They said there wasn't.

21
22 As a result of these things, as a result of
23 the decisions written because they wanted them written
24 that way, no trademark was intended to transfer or, as a
25 matter of law, could have transferred and the effect of
it is written all over the record of this case in the form

1 of the statements by the Universal president, by the
2 interoffice memos, "We are going to exploit King Kong
3 but it better not look like King Kong because then we
4 are in trouble."

5 That is why I say we can throw a sheet over
6 those things. I don't think you have to look at them.

7 I also think, your Honor, that Universal was
8 right, whether they believed it or not, when they told
9 Judge Real that King Kong had been diluted, that it was
10 part diluted, that it was part of the ordinary English
11 language.

12 We have put together massive evidence of that,
13 your Honor. We have asked them about some 40 trademark
14 and copyright registrations and their response as to some
15 of them was -- I think two -- "Those were licensed. As
16 to the others, we can't find anything about them. We think
17 maybe they are abandoned now. As to others, we can't
18 find out anything about them."

19 We have put together and we have in the court-
20 room the examples of these products, product after product,
21 and I am referring now, your Honor, to the Rovin affidavit,
22 when he collects -- this is designed in the beginning to
23 show the pre-'33 movies that had the same story, same
24 image, the post-'33 movies that were not licensed. For
25 example, looking at things like Exhibit 19, "Tim Tyler's

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1 Luck" --

2 THE COURT: I like 64.

3 MR. KIRBY: That is pretty good, too, your
4 Honor.

5 If you go all the way to the back, when we get
6 into the advertisements, when we get into the commercial
7 goods, which range from the ridiculous to, I suppose, the
8 obscene, that are put out and King Kong products, none
9 of which -- we have asked them "Give us your products."
10 They don't give us these. None of these are licensed.
11 We look at these things and say yes, Universal was right,
12 they properly convinced Judge Real that this ape, this
13 name that appears, your Honor, and I should point out to
14 make sure in the Riggio affidavit where we break them down
15 by graphic representations, the references to size,
16 strength, disaster themes, there are substantial sections
17 which refer to strict commercial usages of King Kong.

18 We think Judge Real was right, that collateral
19 estoppel should apply on that issue and even if you wanted
20 to reexamine it de novo, the evidence is overwhelming.
21 They have not responded other than to say "At a trial we
22 will show these things haven't been used very much."
23
24
25

(Continued on next page)

1 Your Honor, at this point, and I am conscious
2 of not overstaying my time, we have pointed to
3 the collateral estoppel, the judicial estoppel, we have talked
4 about how Universal didn't acquire the mark, and we talked
5 about how the evidence of Universal and RKO's conduct
6 is a perfect demonstration that that kind of splitting of
7 rights, the vesting of something without the good will, is
8 fatal to having a trademark that indicates to the public
9 that a single person is sponsoring. People could look at
10 the graphic scene from the movies and say, "Boy, that
11 looks like the '33 movie." But that doesn't call up
12 any owner in particular or any anonymous owner, and if it
13 did, it wouldn't be Universal.

14 On the issue of confusion, I think, your Honor,
15 we have discussed this already, but I want to make a
16 couple of things clear here. First of all, Universal, for
17 reasons that escape me, doesn't understand, and I want to
18 make it clear here in open court that for the purpose of
19 confusion and summary judgment, we concede that King Kong
20 has secondary meaning -- for purposes of the summary
21 judgment motion.

22 I would agree it would be very difficult,
23 absent the collateral estoppel, if we were just faced with
24 the normal case that your Honor hopefully from time to time
25 gets in this area, that there is no concession of secondary

rm ja 2

1 meaning. While we would prevail at trial, I think, it
2 would be difficult for your Honor to decide that on summary
3 judgment.

4 Let's assume that there is a King Kong trademark.
5 Now, I agree it is difficult, because I am not sure what
6 it is --

7 THE COURT: And they have it.

8 MR. KIRBY: Assume Universal owns it and there
9 is a trademark, and the difficulty I have is trying to
10 figure out what they own.

11 Let's assume it is the graphic scene of King
12 Kong at the top of the Empire State Building and the name
13 is King Kong, and they own that. Your Honor, it is our
14 position that if you make the comparison, and it is not
15 a product-to-product comparison here, really, because
16 we have a lot of products, a trademark that has been developed
17 these days, but if you do what they say in the absence of
18 that, and that is compare those to the movie, we are saying
19 that there you will find an ape and you will find a woman
20 and you will find a hero. Admittedly the ape is a pretty
21 different ape, he is a funny ape, and the woman is not Fay
22 Wrap or, indeed, Jessica Lange, and the hero is a little
23 carpenter, and it is maybe not a whole lot different than
24 a lot of other stories of beauty and the beast, but while
25 there may be associations, no one would look at that and say

1 the owner of the trademark King Kong, conceded for the purpose
2 of this, is the one who sponsored or made this.

3 There has been no actual confusion, not a
4 single instance. The mark was adopted in good faith.
5 There is evidence in this record now that trademark searches
6 were conducted in Japan and in the United States before use
7 of the mark and that those resulted in unqualified opinions
8 that the mark could be registered. There is evidence in
9 the recor that the game developed, as we said, from a popular
10 game, and they did not set out to steal someone else's trade-
11 mark or capitalize on the King Kong movies or the King Kong
12 trademark.

13 We have the Japanese gentleman who developed
14 this saying, "We ought to name it Bill Dawn. That was always
15 my favorite, but these other guys want to name it Funny
16 Kong, and they finally arrived at the name Donkey Kong,"
17 and the Americans said this is ridiculous. No evidence of
18 a predatory attempt, attempt to steal.

19 What do we have?

20 If your Honor looks, we believe you will find
21 no similarity and the reason there is no confusion is because
22 no one is likely to be confused and we think your Honor
23 can, under the law in this circuit, look and make that
24 decision.

25 They say, "There are some factual issues," and

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1 the factual issues are really, one, the trade magazines, a
2 trade magazine including, your Honor, one written by Mr.
3 Rovin, the man hired as an expert by Nintendo to help
4 collect all these King Kong predecessors and unlicensed
5 uses, who publishes a video game magazine. Invariably
6 these magazines when describing the Donkey Kong game talk
7 in some way or another about the movie King Kong --
8 invariably. Not a single one of them says, "This is a
9 Universal product," or an RKO product or a DDL product or
10 a product of these moviemakers.

11 I would submit that Mr. Rovin, our expert, and
12 all these other people would have to be nuts to be sitting
13 there writing a story about this kind of game and not have
14 a reference to the great classic King Kong. That proves
15 association and when you have a classic you ought to
16 expect a lot of association. That is the reason things are
17 classic, but it doesn't prove at all confusion. It doesn't
18 prove likelihood of confusion.

19 I think their survey was not the universe of
20 relevant purchasers. These are not the kids who get up
21 and play the games. It wasn't taken under market conditions
22 They asked leading questions and the one question as to
23 who makes Donkey Kong produced not a single response relating
24 to Universal or the producers of the movie. The only one
25 they rely on was a directly suggestive associative question.

1 I think the surveyor would, if we had him here
2 and crossed-examined him and spent a couple of hours doing
3 that -- we would still end up with those defects on the
4 survey and the survey can be disregarded.

5 On the evidence of bad faith, I think I have said
6 enough, except for one thing, your Honor. They rely and
7 each one of these things I think it is some evidence of
8 the paucity they have to rely on that it gets repeated five
9 or ten times in the course of the brief. On a sworn statement
10 by Mr. Arakawa, the president of Nintendo of America, when in
11 the course of making an application, he said, "And, by the
12 way, we have to get protection here because people are
13 getting confused," and what he was talking about were
14 people who were taking in effect the computer insides of these
15 games and producing exactly the same game play and putting
16 a name on it like "Crazy Kong," or "Kong Gorilla" or
17 "King Kong," and "If you put King Kong on your product,
18 I will complain about that and say that is, in that context,
19 confusingly similar."

20 I think, your Honor, that I will mention only
21 one further thing, but I think it is something your Honor
22 has to consider very carefully in the context of everything
23 else that we have talked about here today.

24 What normally happens in a trademark case,
25 your Honor, is that someone says, "I am damaged. These

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1 people are out trading on me, doing it deliberately, or maybe
2 not deliberately, but it has that effect. Stop them."

3 You have no request for a preliminary injunction
4 in this case. You never had a request for a preliminary
5 injunction. When we kept asking Universal, "Why didn't
6 you bring a motion for preliminary injunction? You are
7 really being ripped off if you are being damaged, and that
8 is what people do."

9 Mr. Scheinberg, the president, said on page 263
10 of his deposition, "If we didn't bring it, it is only because
11 we didn't think we could win one."

12 I guess I give this some credence. Certainly
13 I believe in light of what I said today that I don't think
14 they would have gotten one. But the problem with that
15 is that that was not a full statement of the truth.

16 There is in the record before you a flat, un-
17 contradicted affidavit from the general counsel of Coleco
18 that when seven months after Donkey Kong was on the market,
19 when Donkey Kong was the best selling video arcade game and
20 there were some 60,000 in place -- I think, by the way, your
21 Honor, I think they have sold about ten in the last six
22 months -- 60,000 were in place when suddenly this great
23 entertainment magnate, Universal-MCA said, "My God, there
24 is a game out there that infringes on our rights," and
25 when Donkey Kong was an arcade game and was on its peak and

1 on its way down, they said, "You infringe," and they called
2 in Coleco, which was about to produce its Coleco Vision,
3 as Mr. Greenberg and Mr. Schweffel say, "We are going to
4 save Coleco; and you infringed. You pay or we sue," and
5 he settled, but he said, "I have to get out in the market.
6 If you sue and get an injunction against Nintendo, that is
7 going to screw up my marketing."

8 They didn't put that in the agreement, but there
9 is an affidavit that says they wouldn't seek an injunction
10 against Nintendo.

11 There are terms that describe that, some of them
12 in trademark terms, and one is dividers of confusion. These
13 people say there is a lot of confusion out there, but they
14 agree not to take any steps to stop it if of course one of
15 the licensees will pay them millions of dollars.

16 Your Honor, that dwarfs into insignificance the
17 royalties they made from King Kong. The royalties from
18 King Kong since 1981 may have made \$30,000. They made over
19 \$3 million by ripping off one of our licensees, and they
20 said, "We won't stop you and we won't stop Nintendo. We
21 will not ask Judge Sweet to stop the confusion from being
22 disseminated."

23 They were either admitting something there-- they
24 were admitting there wasn't any confusion -- or they were
25 doing something else, they were abandoning their trademark.

rm ja 8

1 you cannot sit there and contract to have, if
2 these things are confusing -- contract to have them both
3 out there. Coleco since then I think has sold something
4 like 6 million units, and those units say "Coleco Vision,
5 Copyright Nintendo, Trademark Nintendo," and never mention
6 Universal. They are put out from the imprimature
7 and silent approval not to tell the public anything else,
8 but put out there as one of the dividers of confusion or
9 abandon.

10 Maybe they really are not too serious, despite
11 the protestations, about getting into the videogame market,
12 by Mr. Scheinberg.

13 What happened, your Honor, just before we filed
14 this motion, they put the arm on another one of our
15 licensees, a licensee who is going to be producing this
16 fall a cartoon series, a Donkey Kong cartoon series, and
17 they are going to pay money to Universal to do that, just
18 as Coleco did and just as Atari did, so Universal won't
19 sue. Universal will not, however, have one word to say
20 about the contents of any one of those video movie
21 cartoon presentations. That is controlled by Nintendo.
22 They don't have anything to say about the titles, the
23 charts, how the stories are developed. They have agreed
24 they won't sue as long as they get a little bit of money,
25 and then they went one step further and said, "As part of

1 this agreement we want the right to be able to distribute
2 them for you."

3 So they tell our licensee, who theoretically is
4 spreading confusion by putting out Donkey Kong things,
5 that there will be a reference to Universal as distributor
6 of Donkey Kong, infringer, or something like that,
7 except it won't have Donkey Kong infringer. They are getting
8 paid a fee as part of the settlement to take our movies,
9 our licensee movies, identified as Nintendo's and distribute
10 them throughout the world.

11 Your Honor, I think that for a number of
12 reasons your Honor can and should grant summary judgment
13 on this case.

14 Thank you.

15 THE COURT: We will take a few moments.

16 (Recess)

17 THE COURT: Mr. Fairhurst.

18 MR. FAIRHURST: I guess I will begin at what
19 I perceive the beginning, where I take issue with things
20 Mr. Kirby said.

21 Mr. Kirby started his argument on the collateral
22 estoppel issue, and I think of the issues raised by the
23 defendants in the lawsuit, if there is anything that can
24 be truly characterized as legal in nature, as opposed to
25 fact-intensive, that is it. Both sides have said this

rm ja 10

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ad nauseam in their breifs and they are before the Court and can be read by the Court.

At that point we kind of part company, because some of the inferences that the defendants would have the Court draw from those documents are to me rather extraordinary, and I think I first became excited in Mr. Kirby's argument when he said, in response to your Honor's question about the changed circumstances, that Judge Real was aware of these changed circumstances and that had been litigated in the 1976 litigation, the changed circumstances being the release by Paramount Pictures in December 1976 of its remake and the attendant publicity to that remake and also licensing that went on from it and the licensing all derived from RKO to DDL to Paramount.

There was no trial of that issue in that case, none whatever, because the judge's facts and the hearing was closed by December 1976. In December 1976, on the 15th, the judge rendered his facts in this case.

THE COURT: Are you telling me that on the remand there was no further factual hearing?

MR. FAIRHURST: Precisely, your Honor. That is precisely what I am telling you.

On the remand, that came down in 1980, the Ninth Circuit said all the judgments, everything that happened so far, were vacated and threw it back to Judge Real

1 and said, "All of these are vacated. You determine with the
2 parties where the issues are moot, where they are not moot.
3 If you want to do something further on the issues which are
4 not moot, fine, go ahead and hold new evidentiary hearings."
5 But there were no new evidentiary hearings.

6 The Cooper judgment was first rendered interlocu-
7 tory in nature in December 1976, and Mr. Kirby pointed out
8 virtually when the ink was not dry on that document
9 Universal settled with Cooper, and that document is broadly
10 drafted and to do Universal credit, it includes whatever he
11 got. It is written 16 days to Sunday covering everything.

12 That was in December 1976. That was at the
13 same time that the Court rendered its judgment on the
14 Universal judgment, and that is where Judge Real said
15 RKO had not put before him evidence of secondary meaning
16 for the words King Kong, and he also said the use of
17 King Kong is part of the ordinary English language.

18 I don't mean to cast a stone in Judge Real's
19 direction, but I think honesty would compel every one to
20 say you couldn't be clear of what the devil he means by
21 that. Part of the English language? What part and what
22 does it mean?

23 This is a point defendants make in the brief
24 and reply brief and argue it is generic, and I don't
25 believe they are serious about that. I don't know what

rm ja 12

1 it is generic for --

2 THE COURT: Apes?

3 MR. FAIRHURST: When was the last time you or
4 anybody in this courtroom went to the zoo and told the
5 little children, "We are going to see the Kongs"?
6 Nobody believes that, even if you say it. If I have to
7 debate that issue, I am licked before I begin.

8 Let's move on to my first point. The Cooper
9 judgment was vacated with everything else, and then re-
10 instated back in 1981, and that is the judgment that
11 survived all of the, if you wish, holocaust that took place
12 before it. The Cooper judgment says nothing about anyone
13 not having trademark rights. As a matter of fact, the
14 Cooper judgment awards Cooper all of the merchandising
15 rights, all of the rights that RKO had been exercising
16 wrongfully for 40 years.

17 This ties in with, I guess, the central core
18 of Mr. Kirby's argument, what is it Universal claims in
19 this case, where did it get it and what does it claim?

20 Let me see if I can clear up that confusion.

21 We certainly claim categorically a trademark
22 in the word King Kong when it is put on a product or a
23 service, advertising that product and advertising that
24 service. There is no question about that.

25 That is in the Cooper judgment, was in the

1 interlocutory judgment, those words, and is in the final
2 judgment in December 1981.

3 Cooper was awarded by the judge all right, title
4 and interest in the name, the character and the story
5 King Kong with certain exceptions; the exceptions being
6 carved out were the ones to which RKO had a legitimate
7 right, the copyright in two motion pictures at that point
8 and the book publishing rights which Cooper already had.

9 The Cooper judgment, which is worth reading,
10 because that is what defendants are attacking, they say
11 it is not broad enough to include a trademark because Judge
12 Real did not use the word "trademark." I am reading from
13 the judgment entered January 5, 1981, the final judgment:

14 "Defendant and cross-defendant, RKO, is a
15 constructive trustee of all of the rights and to the
16 character, name and story King Kong to the extent they
17 have been exercised by it at any time prior to the date
18 of this final judgment, and Richard Cooper is the sole
19 beneficiary of said trust."

20 This is an anomalous situation for a judge
21 to be in. What in effect happened is this: RKO did not
22 really have the right for 40 years to use King Kong as
23 a trademark for all sorts of ancillary products, toys,
24 games, books, whatever. It didn't have the right. Cooper
25 had protested it at one point, and Mr. Kirby is right

rm ja 14

1 when he said it was in the '60s, but nothing came of it,
2 there was no lawsuit, but the occasion for bringing that
3 lawsuit was thrust upon Mr. Cooper when Universal brought its
4 lawsuit.

5 At that point the Court said RKO didn't have the
6 right to use this as a trademark and "Let's go back to
7 antiquity, 1932, when Cooper's father made the assignment
8 of all rights agreement to RKO."

9 What is the Court to do? RKO has been exercising,
10 whether it had the right to or not, for 40 years, and
11 RKO was the one responsible for developing whatever good
12 will innured to the name King Kong. RKO through its
13 pictures and RKO through the licensing of others to make
14 motion pictures and to sell goods, services and what have
15 you with King Kong on it, had done that 40 years.

16 Universal attacked that in the 1976 proceedings,
17 as it had to, because Universal at that point was defending
18 a counterclaim, and Universal came into court and Mr. Kirby
19 is absolutely right when he quotes from Croft as arguing
20 King Kong has no meaning in the English language.

21 Well, Mr. Croft can make that argument, and
22 I have to make that argument exactly the opposite way today
23 and the Court can believe Mr. Croft or believe me, but
24 it doesn't make much difference, but neither Mr. Croft nor
25 I nor Mr. Kirby can decide whether King Kong is part of the

1 English language or whether it can serve as a trademark,
2 because that is something only the public can decide, and
3 what counts more in this case is what the public believes
4 when it buys that game and to the extent possible one can
5 determine what the public believes when it plays that game
6 as to the source, origin, sponsorship of that game.

7 Mr. Kirby must have said four or five times
8 in the course of his argument that no one believes Universal
9 knows that. That is probably true. It is also sterlingly
10 irrelevant. Trademarks do not depend on the knowledge
11 of the public that the XYZ Corporation is the manufacturer
12 of this product or that service. If we had lots of time
13 and money and were willing to prove a point beyond the
14 need of proof at this point, people don't know the names
15 of the actual manufacturers of dozens and dozens of well
16 trademarked products, trademarks where there is no question
17 that they are trademarks. Anonymous sources are the rule
18 in trademarks and this is an anonymous source. Do they
19 have to know something? Of course. They have to believe,
20 and this is my case -- I have to prove in this lawsuit to
21 win that when people buy this game or play it they believe
22 it is sponsored, approved, authorized or connected in some
23 way, if I want to take the Second Circuit's looser language in
24 the Dallas Cowboys case, by those wonderful folks who
25 make the King Kong movies.

1 It is not necessary that they know RKO in 1933
2 released the first King Kong motion picture, or. that
3 Dino DeLaurentis released in 1976 --

4 THE COURT: What you are saying is that
5 Mr. Kirby gave away the ballgame when he said that there
6 was secondary meaning?

7 MR. FAIRHURTS: Precisely. He can't concede
8 secondary meaning. If your Honor reads their reply brief,
9 they waffle on it. In footnotes they say, "We concede
10 Universal's 3-G statements of fact except as to secondary
11 meaning."

12 Mr. Kirby said in loose language, and I won't
13 hold him to that, that if the public in playing that game
14 or purchasing it believes that it comes from the motion
15 picture maker, from RKO, not Universal -- I don't think
16 he really meant to say that, and I could convince him,
17 I think, that he doesn't want to say that, because that
18 does concede the ballgame. I don't think the defendants
19 are going to make much of the anonymous source point
20 because if they want to say this case stands or falls on the
21 proposition that the public knows that Universal as
22 opposed to Warners or Orion, or anybody else -- I would ask
23 for a summary judgment, and I know I would win at trial if
24 they want to make that concession, because it is not necessary
25 that the public understand Universal Pictures to be the

1 source of that game.

2 All that is necessary is that the public
3 believe when they play that game that is sponsored or
4 approved by the wonderful folks who made the motion pictures
5 or who are its lawful assignees in some way.

6 There is really not much analytical difference
7 in this case in terms of the convoluted origins of the
8 trademark rights than there would be in a conventional
9 case if your Honor was listening to me representing the
10 Acme Corporation which has 16 different divisions and
11 which all in turn have trademarks licensed to 30 different
12 companies making 50 different products.

13 No one may know that behind it all is the
14 wit and wisdom of the Acme Company. That is not important
15 for trademark purposes.

16 What is important is that people believe the
17 product originates from a single source and associate the
18 good will of that source.

19 There is an awful lot that can be said about
20 trademarks in an abstract sense that hasn't been said
21 and probably shouldn't be in this motion, but one of the
22 cases that puts its finger on it, and your Honor referred
23 to it in a recent opinion, and it is at the very tail end
24 of our brief, and I don't quote the actual source, but a
25 more recent case --that is the famous Mishawaka case, about

rm ja 18

1 what trademarks are about:

2 "A trademark is a merchandising shortcut which
3 induces a purchaser to select what he wants or what he has
4 been led to believe he wants. The owner of a mark exploits
5 this human propensity by making every effort to impregnate
6 the atmosphere of the market with the drawing power of
7 a congenial symbol."

8 I won't spend a great deal of time on the business
9 of what the Japanese had in mind or did not have in mind
10 when they developed Donkey Kong. There is no question
11 in this case that whether they knew it or not, they had
12 King Kong in mind in the motion picture -- had "King Kong"
13 in mind, the motion picture, and were looking for the drawing
14 power of a congenial symbol.

15 One of Nintendo-America's executives gave an
16 interview to UPI sometime ago, and I put it in a footnote
17 because it sort of makes the point in a way about what
18 we are talking about here. This is not a case involving
19 toothpaste or boxes of soap. That is what makes it
20 difficult to put your finger sometimes on the trademark
21 and what we are talking about. It is not a copyright
22 infringement case and it is not necessary for the Court
23 to sit for four hours and watch the two pictures right
24 now. But what is necessary, I think I have to convey to
25 the Court the importance of King Kong as a congenial symbol

1 and its value in that game. If they had called that some-
2 thing else, not used the ape or that configuration, I
3 couldn't tell you whether the game would be a success or
4 not, but we know the game was a very large success and
5 the drawing power gets people to play it. That is what
6 one of Nintendo's executives said. He was talking generally
7 about symbols developed by motion pictures, and he used
8 the example of Tron, a Disney picture, and said it gets
9 people to play the game. He said Popeye, which is another
10 Nintendo game under license with King Features, the same
11 thing, it gets people to play the game.

12 I don't think the defendants would argue to
13 this Court that King Kong has no value to them, that the
14 elements they have used and appropriated for that game have
15 no value to that game. I think it does have value.
16 I think they knew that and that is why they chose the
17 word "Kong." Why they chose "Donkey," it turns out to be
18 a mistake, they say, but I suppose they could have
19 consulted with their American marketing people, except
20 one of them wouldn't have done it much good, if they had
21 spoken to a man named Judi, who is 34 years old, who
22 testified that King was the name of a gorilla, he didn't
23 know anything about Kong. I think Mr. Kirby waffled on
24 it, but he eventually came to accept, I think because of
25 your Honor's questions, and I think he has a problem

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1 because the evidence works against him on this point, that
2 this game was developed in Japan by basically non-English
3 speaking people who believed that Kong would be a word
4 that English-speaking and Japanese-speaking and Europeans
5 would recognize and would make the game popular. Mr. Kirby
6 says he is mystified about what Universal claims as a trade-
7 mark. We are claiming the word "King Kong" as a trademark.
8 Secondly, we are claiming when King Kong is used or some
9 variation of it, and they use Donkey Kong -- when they use
10 that in conjunction with a gorilla and a lady at the top
11 of an Empire State Building type structure, a building
12 structure, and it has the theme, the game itself, of saving
13 the pretty girl from the gorilla, it is obviously going
14 to conjure up, and he agreed with that -- associational is
15 the first step -- it is going to associate with King Kong.
16 Anyone who sees or buys or plays that game will think of
17 King Kong.

18 The next question is my brief in this case, and
19 that is why I say it is a trial case: I have to prove
20 to your Honor eventually in this lawsuit that an appreciable
21 number of ordinary prudent buyers of the game and to the
22 extent it is possible to determine what players think about
23 such things, I have to prove that they believe when they
24 play that game, if they think about it, the game originates
25 with, is sponsored by or approved by those wonderful folks

1 that made the pictures. If they don't, I lose my case,
2 but I think I can prove that.

3 The other market is more difficult and it is
4 more difficult because the few cases that have attempted
5 to grapple with this problem, the core of the problem is
6 that people play the game and it is not toothpaste, they
7 are not playing it because it is made by the wonderful
8 folks who make pictures, but they are drawn to it because
9 it is Kong.

10 THE COURT: It is ideational, though. It is
11 a concept. It isn't a mark, it is a concept, an idea.

12 MR. FAIRHURST: I am not making a copyright
13 claim, your Honor. I think Mr. Kirby is right --

14 THE COURT: You sort of concede that if it
15 were just Donkey Kong, without the ape and the building --

16 MR. FAIRHURST: I would have a much rougher
17 case. That is why I need all the elements in this case.

18 THE COURT: It is not a mark. It is an idea,
19 it is a story.

20 MR. FAIRHURST: It is that, too. I don't
21 think they are mutually exclusive. King Kong is a mark.
22 It is used as a trademark. It was used by RKO for many,
23 many years as a trademark. It was used by Paramount Pictures
24 under license --

25 THE COURT: On the top, if it said Romeo and

rm ja 22

1 Juliet and had a couple of gangs, and so on, where would
2 we be?

3 MR. FAIRHURST: I wouldn't be here.

4 THE COURT: There is no trademark in Romeo
5 and Juliet.

6 THE COURT: There is no trademark in
7 Romeo and Juliet.

8 MR. FAIRHURST: Not to my knowledge, but I wouldn't
9 put my last dollar on it. Maybe somebody has.

10 THE COURT: Why isn't there?

11 MR. FAIRHURST: No one uses it as a trademark,
12 that is why.

13 THE COURT: The cartoons, for example, some
14 of which are delightful, 7-A, "I would rather be playing
15 scrabble," but that is a whole idea that is being expressed,
16 and the word King Kong -- it is obviously there, but not
17 there at all.

18 MR. FAIRHURST: As far as the book you are
19 looking at, I don't think Mr. Rovin would be prepared to
20 testify at this moment that he is sure these things are used
21 today. Secondly, many of them are not trade mark uses at
22 all. They are simply uses of the word King Kong and
23 nobody will claim the public is barred from using King Kong
24 unless they take out a license. Writers of newspaper
25 articles and magazines are perfectly free to refer to any

1 trademark they want. The fact that the trademark --

2 THE COURT: It is only where there is a commercial
3 value?

4 MR. FAIRHURST: Using it to sell something,
5 in a trademark sense.

6 THE COURT: Would it be any different if you
7 called a baseball player King Kong and that got people to
8 buy newspapers?

9 MR. FAIRHURST: No. You could call him Buick
10 and that would not infringe -- this is annexed to and
11 pertinent to as part and parcel of a product. It will
12 draw people to the product in the first instance and to the
13 extent people have any occasion to think about the product
14 at all, where it comes from, they will believe when they
15 see King Kong or the variations of the King Kong theme,
16 that the product itself is sponsored by, authorized or
17 connected with the anonymous source responsible for King
18 Kong pictures. It embodies the good will developed for
19 the word King Kong in the sale of products and services.

20 On the other hand, taking these proceedings
21 aside, if someone were to write an article in the trade
22 press or any press tomorrow about King Kong or any trademark,
23 that is not a trademark use.

24 One of the issues that goes on today in courts
25 on the fine line between trademark and nontrademark use is

rm ja 24

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1 the division in Circuits, if you will, between the Fifth
2 Circuit, with its Boston Hockey case, and the Second
3 Circuit, which I don't think has had occasion to truly
4 rule on it, but there are dozens of district court rulings
5 whether the use of a football logo, one of the logos of
6 the member teams of the National Football League, on a
7 pennant that a fan wants to raise in the stands or on a
8 T-shirt is a trademark use. There are lots of lawyers who
9 argue that it is and the clubs or anyone who owns the symbol
10 has a right to stop someone from selling it, and others
11 say that is a perversion of trademark principles because
12 the people are not using the logo in the trademark sense,
13 they are using it for a totally different purpose.

14 The leading case on the subject, one of the
15 best cases on it, is the Delaware Football case, where the
16 State of Delaware used the names of the teams for its
17 betting, and the NFL went in and sued and the Delaware
18 State court said it wasn't a trademark use, and you have
19 a conflict between that case and on the district courts
20 which say it is a trademark case.

21 You have to keep in mind when you look at the
22 Rovin exhibits, which we first saw on this motion for
23 summary judgment, and if that has any bearing on your
24 views as to whether this is a proper case for summary
25 judgment, keep in mind which of those uses are trademark
uses and which ones are clearly not. I couldn't tell you

1 I could draw the line every time. There will be a bunch
2 of them that we probably could quarrel over, but there will
3 be a lot where your Honor will have no trouble saying
4 that is not a trademark use. Some of them are articles,
5 some are cartoons, some have nothing to do with the
6 trademark use at all.

7 I think if I had to say a few things only to
8 keep in mind when you evaluate this case in the posture it
9 is in now, is this: I think that the defendants in their
10 papers have made a conscious effort to entwine when it
11 serves their purpose -- this is what advocacy is about, and
12 I don't fault them for this -- they have made a conscious
13 effort to fuse copyright and trademark principles to
14 confuse them and I will tell you where they tried to do
15 this the most, if that is the way to put it.

16 They avoid using the word copyright. I think
17 that is silly, but that is the way they want to do it.
18 They call it a property right, because that emasculates
19 copyright, and it could be whatever you want it to be.
20 They have not made a conscious effort to enable you to
21 communicate on that, and what RKO claims and DDL claims
22 is a copyright in their respective motion pictures.
23 They have that right.

24 Universal has no rights in those copyrights.

25 THE COURT: How about the good will that emerges?

rm ja 26

1 MR. FAIRHURST: The good will is Universal's.
2 They all say it and it is the intendment of the Cooper
3 judgement and agreement.

4 Look back and read carefully, your Honor, both
5 the interlocutory December 15, 1976 judgment -- that was
6 vacated with all the rest of the stuff, but that one
7 was reinstated in January 1981. Read the language.
8 If your Honor says that is not broad enough to include the
9 good will, I am in trouble. I don't think your Honor
10 will make that conclusion, and that is why I don't think
11 I have conceded anything.

12 Then go and read the Cooper agreement.
13 That bears the date December 15, 1976. It was entered
14 into between Universal and Cooper and, as I said at the
15 very beginning, virtually when the ink was not even dry on
16 the Court's judgment.

17 In that Cooper said, "Whatever I got, you got it
18 now, Universal. You have to pay me something for it,
19 \$200,000," and that is what Universal did.

20 The Cooper judgment and the Cooper agreement is
21 basically what Universal relies on for its claim of rights
22 in the trademark King Kong.

23 What Judge Real did was to say there are rights
24 in the name King Kong, the story King Kong, and the
25 character King Kong, without being punctilious and careful

1 about defining the nature of those rights. There is a
2 reason. It is not within the parameters of the papers put
3 to this Court, but there is a reason, and one of the reasons
4 is a very obvious one if you look at the whole proceedings--
5 if you read the transcript of the proceedings of the actual
6 trial of this case in the district court in September 1976,
7 I think you would get a clear understanding this was not
8 tried as a trademark case, and I got annoyed, I guess that
9 is the word, when I read defendants' motion papers because
10 they switched everything around and made it sound as if
11 Universal went into federal district court suing on a
12 trademark. It was RKO that was the proponent of whatever
13 you wish to call the trademark issue. It was a dilution
14 claim, actually. Universal defended it.

15 I argue in the papers that I don't think RKO
16 did a good job of presenting their case, and I don't want
17 to be critical of lawyers, but no one was concerned about
18 the trademark, everyone was concerned about the copyright.
19 It was tried as a copyright declaratory judgment action.

20 Mr. Kirby says, correctly, that Universal
21 sued in state court and then they said, "To cover ourselves,
22 we don't need a contract anyway. The original work, King
23 Kong, is in the public domain, and as long as we don't
24 intrude on the copyright penumbra, we can do what we want."

25 He went on, and it was an unnecessary finding,

rm ja 28

1 Judge Real, to gild the lily, as it were, to say that RKO's
2 counterclaim is dismissed. Why? Because Universal does
3 have a contract. He thought Universal did have an oral
4 contract. If he had stopped there, they wouldn't have any
5 collateral estoppel argument, and I would be spared the
6 embarrassment of addressing Mr. Croft's arguments. But
7 he didn't. He said, "RKO has not put in evidence of secondary
8 meaning on what is before me." And if you look at Judge
9 Real's basis for this and some of the comments, he said he
10 didn't know King Kong and doubted anyone else did. He
11 thought the motion picture public had all by that time, 1976.
12 either died or were a different generation, and he said
13 people think of King Kong as a song. I can't say I agree
14 with that, but that is irrelevant. He said it has entered
15 the language and didn't say how it entered the language,
16 and we will never know those things unless your Honor cares
17 to let us know and then we will have a new version on it.

18 Trademark cases are cases about language, in
19 large measure.

20 Now I come to an argument they make in their
21 brief that Mr. Kirby didn't have to stress, but I do,
22 because it relates to this, the generic business.
23 I think they are terribly confused about what generic
24 means. King Kong is not generic for all apes or even big
25 apes. King Kong is one particular ape, just like Mickey

1 Mouse is one particular mouse, Mighty Mouse is one particular
2 mouse.

3 Words become generic when they start off life
4 as trademarks. I will give you one I am familiar with
5 because I was involved in litigation, and it was an interesting
6 case: Teflon. That is the trade mark of the du Pont
7 Company for a particular substance, and because at a time
8 when the product was developed du Pont had about 80 percent
9 of the market, it called it Teflon-non-stick substance.
10 The public never really bought the "non-stick substance"
11 business and called it Teflon.

12 We brought a suit over a zipper called Eflon,
13 and they said Teflon was generic and had entered the
14 English language like yo-yo, zipper, aspirin, cellophane
15 and it has now become a word understood not as a trademark
16 but as the actual thing itself, the substance, it is a
17 common noun.

18 They can't say that about King Kong. They can
19 say it, but they will not be believed. King Kong, whatever
20 it is, is not generic. It is descriptive of a particular
21 large ape.

22 Now I tell you why I raise the issue. They
23 spend about five to ten pages of their main brief and they
24 touch it in the reply brief that Universal doesn't have the
25 right to use a particular ape, and Mr. Kirby a few minutes ago

rm ja 30

21

1 was telling you how Mr. Scheinberg counseled people, in
2 conjunction with the making of a new King Kong film:
3 Be careful not to make the ape too much like the RKO ape
4 and the DDL ape.

5 The fact is, the definition of rights as between
6 Universal, on the one hand, and RKO, on the other, is in
7 the RKO-Universal settlement agreement in June 1980.
8 You have to read that carefully because all that precludes
9 Universal from doing is using verbatim copies of the
10 RKO picture. Actually, Universal can intrude into RKO's
11 copyright. It can't go into it very far, take the actual
12 stills or the actual footage, and it would be the same
13 thing if Universal took a bit of the footage of the ape
14 on top of the Empire State Building and photographed that
15 and tried to license it.

16 Mr. Scheinberg and people at Universal have
17 counseled people: Be careful how far you go.

18 Universal can use a large ape and the word
19 King Kong and all the other elements that Mr. Cooper was
20 awarded by Judge Real in the Cooper judgement, first in
21 December 1976 and then when it became a final judgment in
22 1981. It can use every one of those elements because the
23 Court said RKO was exercising them as a constructive
24 trustee for Mr. Cooper, and Mr. Cooper sold them to Universal.

25 Lest there be any doubt in your Honor's mind

1 about the significance of the last judgment, the Cooper
2 judgment of 1981 and how it relates to the trademark,
3 the trademark judgment, if you will, on RKO's counterclaim
4 back in December 1981, that counterclaim was vacated,
5 lock, stock and barrel. Findings on the Universal
6 judgment were vacated lock, stock and barrel. At the
7 time that trial took place, there was no finding, no trial,
8 no evidence on anything having to do with Paramount's
9 release of its 1976 DDL production, and there is a good
10 reason for it, because the findings, the Court's judgment
11 and findings on December 15, 1976 were virtually simultaneous.
12 There is a five-day delay between the judge banging his
13 gavel, writing his opinion and Paramount releasing that
14 picture.

15 All the licensing agreements by which King Kong
16 products were tied in with the release in 1976 were then
17 in effect, and all of them expired by mid-1979, but the
18 products were being sold in the late '70's, and what
19 happened, just to clear it up, was that Universal won all
20 these good little things in that litigation. A lot of what
21 it had was a fait accompli, because DDL was going ahead
22 with his picture and Universal had settled without
23 DDL, and Universal said they wouldn't stop any of that,
24 they just took monies, retrieved royalties from the sale
25 of King Kong products, but by that time Universal was

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1 holding whatever it is Cooper had been awarded by the court
2 on the Cooper judgment. Cooper had parted with it.

3 It is our contention, and I think the documents
4 speak for themselves, that both the Cooper agreement
5 which bears the date December 15, 1976 and the Cooper
6 judgment, the interlocutory December '76, the final in
7 January 1981, conveyed to Universal the good will and trade-
8 mark rights that RKO had been exercising, developing and
9 holding for the 40 years at that time, including the
10 licenses granted to Paramount and DDL.

11 Lest there be any question about it, the trade-
12 mark is King Kong. The trademark, if you want to, if
13 Universal consistently uses the same picture of an ape
14 and the same character -- let me give you an example.
15 This is a licensed product, licensed by Universal, a tiger.
16 In this particular instance this is what the ape looks
17 like and he is holding the little Fay Wray. This is a
18 hand-held video game. If Universal consistently uses this
19 particular ape in this configuration for its licensed
20 products, it will develop solid trademark rights in all
21 these elements, but it has solid trademark rights in King
22 Kong because it acquired those from Cooper who held
23 them as the beneficiary trustee -- the beneficiary of
24 RKO's constructive trust.
25

THE COURT: Is it possible you have to separate

1 out the good will that was attributable to Cooper and
2 the story and the good will which is attributable to RKO
3 and DDL?

4 MR. FAIRHURST: No.

5 THE COURT: Why not?

6 MR. FAIRHURST: Because the good will reposes
7 in the name King Kong.

8 If your Honor says: Well, I don't think good
9 will reposes in King Kong, then I am in trouble.

10 When the name has value and to the extent you
11 use the name King Kong on a product or a service -- if
12 you go into business and you are making anything with King
13 Kong, there you have a problem.

14 I will give you a current example. In 1977,
15 Atari, which is one of the companies which Universal
16 entered into a no-sue agreement in this instance -- in 1977
17 Atari went to RKO and they said, "We understand you are the
18 people who own the King Kong rights, and we are thinking
19 about a game called King Pong, and we would like to talk."

20 Nothing ever came of that. RKO's position
21 would have been: If you want to put the words King Pong
22 on a video game, we would take the position that it requires
23 a license from RKO.

24 The defendants are pleased to argue in this
25 case, and it is certainly what Universal argued in 1977,

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1 RKO was not good at policing its rights and allowed others
2 to use them, and this undermined the value of the trademark,
3 and those are arguments and fair arguments; the Court can
4 make up its mind whether they went so far as to hurt it.
5 One of the prime ones they use is a proceeding with Brown
6 Shoe. I gave it an extensive footnote, and I think the
7 defendants did in their memorandum as well. That is going
8 too far. That didn't get RKO's legitimate penumbra of
9 activities.

10 It struck me as odd that the Brown Shoe Company
11 in Massachusetts had been using King Kong ten years before
12 RKO produced its picture, they would have had a problem if
13 RKO did police the mark. I don't think RKO put on a very
14 effective trademark case.

15 Keep in mind if you have the opportunity to
16 look at the transcript of those proceedings that was not a
17 trademark case.

18 If I had to close on the subject of collateral
19 estoppel, I think what I would point out -- it is a legal
20 argument. There shouldn't be any question about fact
21 differences from the documents because those are there and
22 I don't think there is anything secret, Universal won't
23 be able at trial to tell you there is another agreement.
24 The Court can read the agreements, read the law on
25 collateral estoppel, and I don't see how they have a chance

1 on that argument, owing to the changed circumstances, and
2 that was not a final judgment. That underwent appellate
3 review. There is a good case cited in their first
4 brief, and we refer to it in our brief, that tells you
5 when a collateral estoppel is appropriate in this kind
6 of a case, and I think the important point is there are
7 about five different elements, and I won't go through all
8 the elements, but the Court has to be satisfied -- Loomis
9 against Commonwealth, "The nature of the decision, the
10 adequacy of the hearing and the opportunity for review,"
11 and then it sums them up with this statement: "Did the
12 issue reach such a stage that a court can see no reason for
13 permitting it to be litigated again?"

14 That is the ultimate test, and how your Honor
15 arrives at it is how your Honor arrives at any other thing.
16 That is what you have to be satisfied with if you want
17 to grant them a judgment based on collateral estoppel,
18 that a court can see no reason for permitting it to be
19 litigated again.

20 It was not Universal that started that fight.
21 RKO did not pursue it the way they should have, and it
22 didn't undergo appellate review.

23 If the judge believed it was necessary, and
24 Judge Real apparently did, that the public understands
25 RKO to be the maker of the 1933 pictures, RKO was in big

1 trouble, because I don't know how anyone carries that burden.
2 I think that is true of dozens and dozens of trademarks.

3 We know Coca-Cola is the trade mark of the
4 Coca-Cola Bottling Company, and Xerox is a trademark, but
5 there are lots of trademarks where people don't have a clue
6 as to where the ultimate source is, and they don't care.

7 When Mr. Kirby says that the public doesn't know
8 Universal has anything to do with that, that is quite
9 irrelevant. I think he did give away the ballgame when he
10 said the public may believe that this machine is associated
11 or sponsored by those wonderful folks who make the pictures,
12 and maybe I am overstating him, but if that is what he said,
13 I don't think he really means that, because that is what
14 I have to prove in this case. I don't have to prove it
15 is Universal.

16 The shortest argument of precluding that
17 eventuality is to see if he can get your Honor to dismiss
18 this case now on the basis of collateral estoppel or
19 because of the fundamental position he has taken that
20 Universal doesn't have a trademark right because it didn't
21 inherit good will and Judge Real did not intend to
22 give Mr. Cooper any trademark rights. I think he is
23 wrong on that.

24 I can stand here for another five hours saying
25 he is wrong, wrong, wrong, but the only thing that matters

1 is what the documents say. What they do in their brief is
2 not fair, in a way. They didn't quote in their brief --
3 they keep on saying Cooper was -- RKO was the trustee of
4 all monies owing to Cooper. That is absolutely true, but
5 he was also the trustee of the name and the story elements
6 and the gorilla. It is the name that counts. RKO developed
7 that for 40 years wrongfully, but what else is the Court
8 to do? It is like finding out tomorrow morning that Coca-
9 Cola really doesn't own the Coca-Cola trademark, it is
10 owned by somebody else. So the Court makes Coca-Cola
11 the constructive trustee. They do it in bankruptcy
12 proceedings.

13 How does this trademark get from RKO to Universal?
14 The transfer is by operation of law, clear and simple,
15 an operation of an agreement, first by law, Judge Real
16 banging his gavel and saying that RKO is the constructive
17 trustee, and then Universal acquiring it and the good will
18 and everything that flows from that by agreement. The
19 agreement is ironclad. The defendants have not made the
20 argument, and I think they do concede it -- they don't
21 challenge the Cooper agreement.

22 If that conveyed to Cooper trademark rights,
23 Universal got them by virtue of trademark rights. They
24 can't challenge the Cooper agreement. I think that the
25 language of Judge Real's interlocutory decision, I think the

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1 language of his January '81 decision is sufficiently broad,
2 that is to say, the findings are sufficiently broad to convey
3 to Mr. Cooper whatever trademark interest RKO had.

4 If it were not just the language, there are other
5 things -- he gave Mr. Cooper in that the benefit of
6 all the outstanding merchandising agreements. If you want
7 to divine what is in Judge Real's head, it is hard to see
8 why he would give them all those agreements if he didn't
9 think they were worth anything, but he accepted that they were
10 worth something.

11 I am saying that the original findings, the
12 ones vacated in February 1981, on the so-called trademark
13 issue, is basically inconsistent with what Judge Real
14 ultimately did. I don't know if the people argued
15 it effectively, but I do know that what Judge Real did in
16 '81 and what he did in 1976 gave to Cooper trademark
17 rights. The judge didn't use that word and that is my
18 problem. If he had used those words, they wouldn't be
19 able to make the argument they made at all.

20 THE COURT: He couldn't use that word,
21 given the other part of his decision.

22 MR. FAIRHURST: He could have done it in '81,
23 I suppose, because at that point the other part of his
24 decision had in effect disappeared. That was totally
25 vacated. There is no reference at all in 1981 to the

1 other decision. It is gone. The Court of Appeals vacated
2 it, it was never reinstated. There were no findings on it,
3 no new hearings.

4 THE COURT: But he did make a statement
5 that Kong was part of the language.

6 MR. FAIRHURST: That's right.

7 THE COURT: Why did he do that?

8 MR. FAIRHURST: I have no idea.

9 THE COURT: You would say that that was in-
10 consistent with your belief that he was transferring a trade-
11 mark interest?

12 MR. FAIRHURST: That's right.

13 THE COURT: Or recognizing --

14 MR. FAIRHURST: My argument on this is, in this
15 instance I have to read -- I have to go beyond the record
16 and now pretend I can get into Judge Real's head, which is
17 a little hard.

18 If you go back and read the transcript of the
19 proceedings, it is my belief, and I think if your Honor
20 read it he will share that belief, that Judge Real had
21 tunnel vision. Hewas focusing on RKO's very narrow claim
22 about the motion picture, it's rights in the motion picture,
23 and when Universal announced it was going to do a picture
24 that it was harming RKO. I think all he was doing when
25 he was ruling on the so-called trademark issue was addressing

1 it within the very narrow confines of the way RKO had
2 presented it and the way the judge perceived the issue as
3 developing at trial, and the judge's perceptions are on
4 the record. You can read them. He had colloquy with
5 counsel.

6 I think one of the more interesting ones is
7 at the end before oral argument: "I really don't know
8 the significance of what happens when a work goes into the
9 public domain and how that affects the trademark."

10 And he was talking about the trademark in terms of the
11 title of the picture. I don't think he was focusing on the
12 trademark as to its value in the sale of products and
13 goods. That was a fait accompli. He uses the Hollywood
14 term and this is more productive of confusion than anything
15 else -- they tend to use a euphemism that the scholars
16 who write in this field and trademark lawyers would avoid
17 like the plague. They call them merchandising rights.

18 You can go to the sources, and maybe your Honor
19 will define a merchandising right, and that is what Judge
20 Real referred to them as in his judgment, a merchandising
21 right.

22 If they had called it a trademark right, we would
23 all know what we are talking about, but they call them
24 merchandising rights, and the reason for this I guess is
25 idiosyncratic to the industry because they look at the

1 development of a motion picture as giving all kinds of
2 property rights, and one of the rights is to exploit whatever
3 elements are exploitable in a picture, but there have been
4 so many pictures where this has happened, and I think
5 the most successful in that particular area is one by
6 Universal, E.T. The exploitation of E.T. as a trademark
7 is known in that business as the exploitation of a mer-
8 chandising right, and courts don't refer to it as that.
9 That is why I started off originally when I was talking
10 about the rights business referring to that decision, because
11 it touches on it, and I think it captures what I am attempting
12 to convey, the congenial power of the symbol, and that is
13 one that is successfully developed by a motion picture.

14 I can say this about six different ways, but
15 I am not certain it comes across effectively. One of the
16 really problems in dealing with a character, a title, a scene
17 from a motion picture, and talking about source of origins
18 in trademarks is not quite the same as talking about a
19 toothpaste case, because everybody knows that people do
20 not go up to the marquis and say, "Make mine Warners" or
21 "Make mine Columbia." People don't go to see a picture
22 based on a trademark.

23 If you went to a market and said, "Make mine
24 Heineken," everybody knows what you are talking about, and
25 if you say, "Make mine Coke," you know you will get a

1 Coca-Cola.

2 You can't do that with pictures. It is not used
3 exactly the same as other standard types of trademarks.
4 It is very hard to articulate that premise.

5 THE COURT: Perhaps because it doesn't
6 exist.

7 MR. FAIRHURST: No, I prefer to see it in terms
8 of my own inabilities.

9 Let me see if I can move on at this point
10 into some of the other points that Mr. Kirby made in his
11 argument.

12 The business of the Japanese, I think he
13 protests too much.

14 They wanted a name that would sell, a name for
15 their game that people would recognize. Their own
16 documents show that. I don't think that is an issue that
17 can be resolved in their favor and certainly not in a
18 summary judgment motion.

19 They say three times in their brief that the
20 material is all before the Court and the Court can make
21 up its mind that there is no bad faith, you can do that
22 on a summary judgment motion. You shouldn't do that on
23 a summary judgment motion.

24 If this Court has doubts as to why the Japanese
25 adopted that name, what they thought they were doing, then

1 I suggest it would be making a reversible error if it
2 decided to resolve that issue here. They take the position,
3 and I don't think they would make that argument if this
4 were not a bench trial, but because your Honor ultimately --
5 they think they can make it because your Honor is also the
6 fact-finder, and other judges have done it and have been
7 reversed for it. You have to be careful on that. That is
8 all I can say. Your Honor knows where the line is. You can-
9 not resolve that. You cannot resolve secondary meaning
10 on a summary judgment motion, and they have not conceded it.
11 Even if in their reply brief they say in a footnote they
12 concede this fact and that fact, except secondary meaning --
13 they say they concede it, but they really don't. It doesn't
14 work quite the way they think it does. You have to concede
15 access and if you don't concede that, the judge would be
16 wasting his time looking at it.

17 In this instance you have to truly concede it.
18 You have to be sincere about it, and they are not. If
19 they really concede it, I think they have lost their case.
20 If they want to concede King Kong denotes source of origin,
21 the next question is whether your Honor believes the
22 configuration of King Kong on that game, Donkey Kong,
23 with the ape, is likely to -- if you concede it is a source
24 of origin, is likely to induce people to believe the source
25 of origin comes from the King Kong people. I don't think

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1 they have an argument on that. It is a fact issue, but
2 they can't possibly defend their lawsuit on that basis.

3 They have to argue and they have to prove --
4 well, I have to prove secondary meaning, but they have
5 to show that King Kong doesn't denote those folks who made
6 the pictures.

7 Are there any relevant cases on this to guide
8 your Honor? There are not very many good ones. There
9 are cases where courts have held a character denotes the
10 picture. Some are sound and some are really not, some are
11 tag-along claims in copyright cases. If you have a copy-
12 right, you sue on that, that is your golden arrow, and
13 courts have been terribly sloppy and allowed the copyright
14 issues to fuse over and say that is a violation of the copy-
15 right and also a violation of the trademark without thinking
16 of what they are doing, without being conscious that the
17 two are different. Defendants in this case, and that includes
18 Rovin's affidavits, those are copyright arguments.

19 If I had a copyright and they were a little
20 closer, Universal had a copyright and they were closer,
21 we would be suing on a copyright. There is no copyright in
22 the original King Kong, and Mr. Kirby is probably correct
23 when he says that would not be a compelling argument in
24 this case if we tried to prove a copyright infringement.
25

For the record, it isn't quite true that Universal

1 had absolutely nothing until 1976. Universal owns the
2 copyright in two King Kong pictures, I think made in Japan,
3 King Kong and Godzilla, and the other one escapes me here.

4 Lastly, I would emphasize strongly to the extent
5 the defendants penultimately -- lastly -- to the extent the
6 defendants are asking the Court to resolve an inference
7 in their favor, I think they are making a big mistake.
8 If your Honor has inference questions in this case, you have
9 to resolve them in our favor on this motion.

10 I don't know what that means in terms of a
11 bench trial, but you have to give Universal the benefit
12 of those inferences.

13 I don't think this is a summary judgment
14 motion, and I think it was wrong -- not wrong, but you
15 can't fault anyone from bringing it, but I don't think it
16 is close on a summary judgment motion. I don't have to
17 prove actual confusion. I don't know how anyone proves
18 that. There are rare cases when people have actual
19 confusion. Occasionally you get letters, and that is good --

20 THE COURT: If I were to accept your position
21 and say I can't define on this record what the trademark
22 is or whether the secondary meaning -- and I suppose there
23 would be no trademark unless there were secondary meaning,
24 and on this record I can't determine that there would be
25 secondary meaning, what would happen at the trial?

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1 MR. FAIRHURST: On secondary meaning?

2 THE COURT: Let's assume I say it is hot today and
3 the easy way to deal with this problem is to simply say
4 there are fact issues presented, the motion is denied,
5 nobody can appeal, and that is fine, and I can go off on
6 my vacation carefree, and then at sometime in the future
7 there is a trial. What is the trial going to be, in your
8 view?

9 MR. FAIRHURST: That is the question I would
10 have asked in this case, and that is the one I have anti-
11 cipated. I have to put on evidence and drag in all of
12 the products that Paramount has sold, a list of licenses,
13 get people to testify about what it is that they actually
14 marketed, to the extent possible show your HOnor what the
15 products look like. I have to --

16 THE COURT: To show that whatever the mark is,
17 it had not been abandoned?

18 MR. FAIRHURST: I don't think they have
19 an abandonment claim in this case. I have to show your
20 Honor that it has been used. I have to show your Honor
21 advertising and that sort of thing.

22 Secondary meaning is customarily established
23 in a trademark case by showing you advertised lots of things,
24 you are spending gobs of money on it, and this is the way
25 they are packaged, and I would have to bring Mr. Regan of

1 RKO in to testify as to all the wonderful things RKO
2 did. He was examined at his deposition, but that is cross-
3 examination, their case, not mine. I have to convince
4 your Honor King Kong serves as a trademark, and I have two
5 frames for that:

6 One, this is what happened in history, and we
7 have to begin history pretty long ago, but because it is
8 so long ago I won't have a great deal of evidence either,
9 back into the 1970s, and I have to show RKO had the pictures
10 out, it advertised them, they were shown on television,
11 and if there was a graph you would have blips in it and you
12 could see King Kong consciousness on the graph. In 1976
13 we have big blip, and Paramounts spends a lot of money
14 advertising its picture and people go and see it, and there
15 are lots of products sold. I would have a recent little
16 blip, too, with the fiasco on the Empire State Building.
17 That is what I would have to show.

18 I would have to convince your Honor that the
19 word King Kong when it is put on a product will lead
20 people, depending on what the product is and the circumstances,
21 to believe that the product originates with, is sponsored
22 by or comes from those wonderful folks who did the pictures.

23 THE COURT: Assume you could do that in a
24 day. Is there anything more to your case?

25 MR. FAIRHURST: Yes. I have the burden of

1 proving that the people who play this game believe that
2 this game -- a substantial number of them -- is connected
3 with that picture or the folks who make the picture. I
4 shouldn't say the picture. The source denotation is the
5 people who make the picture.

6 Am I going to be able to carry my burden of
7 proof? I certainly hope so. In this particular instance,
8 I think your Honor said at the outset when you said let's
9 get on with the merits of this -- you took Mr. Kirby a
10 little off the collateral estoppel argument and into the
11 game and said everyone can look at that and say King Kong.
12 And Mr. Kirby's rejoinder is the correct one, that that is
13 association.

14 That is step 1. I don't get to step up
15 to the plate unless I can show that. Some courts have
16 said association is enough. The Second Circuit said
17 it in a few instances. I would be delighted if they really
18 mean it, but they have said it. Conventional wisdom
19 in trademark law is association is not enough; you have
20 to show confusion of source of origin, and this is a 43A
21 Lanham Act case, a common law trademark case, an anti-
22 dution case -- the antidilution statute helps me a little
23 bit, I suppose--and it is a misappropriation case. The
24 misappropriation element is my strongest argument in many
25 respects. I don't think there is any doubt that this is

1 misappropriation of King Kong, in one form or another, and if
2 I am pressed to the wall and I have to draw the line in
3 the sand, where is my trademark? I think I have said
4 it three times: It is certainly King Kong, and when King
5 Kong is used in conjunction with a large gorilla, whether
6 he looks like the one in the Paramount picture, doesn't
7 make any difference. The point is, does the word King Kong
8 and all the elements get people to believe that the product
9 emanates from, is sponsored by, authorized, blah, blah,
10 blah. That language which I choose to use is partly the
11 language of the statute and also the language of the Second
12 Circuit in the Dallas Cowboys case. I can furnish you others,
13 and you have to kind of wind your way through them. But
14 that is what this case is about, and that is the ultimate
15 core issue, and the conventional wisdom in this circuit
16 is you can't solve those on a summary judgment motion.

17 Lastly, Mr. Kirby professed astonishment to
18 hear me say you don't need to see the full pictures. I
19 have said in answers to interrogatories that you have to
20 look at certain parts of those pictures, and I think you
21 do. If your Honor doesn't know anything about King Kong,
22 then I have to say to your Honor unfortunately I would like
23 you to take a look at the 1933 closing scenes and the 1976
24 closing scenes, because this is imagery which in conjunction
25 with the use of the name conjures up the good will of King

1 Kong.

2 THE COURT: Is there any climbing in either of
3 the two movies of the hero, assuming that the ape is not
4 the hero?

5 MR. FAIRHURST: I would have to tell you that
6 I think the ape is the hero. Without King Kong, there
7 wouldn't have been a picture.

8 THE COURT: Is there any climbing by the
9 rescuers?

10 MR. FAIRHURST: King Kong certainly climbs it
11 and I have to honestly say the last time I saw the '33
12 picture was over a year ago, and I don't recall specifically
13 that the love interest of Fay Wray actually climbs it.
14 I don't think he has to. He is up there. Mr. Kirby is
15 correct when he says he was on the top of the building.

16 Do you remember if he climbs?

17 MR. KIRBY: He takes the elevator, as most
18 people do.

19 THE COURT: That did it. The elevator is the
20 end.

21 MR. FAIRHURST: That is all, your Honor.

22 THE COURT: What would you like to do,
23 Mr. Kirby? Would you like to have lunch? Would you
24 like to respond? What would you like to do?

25 MR. KIRBY: Your Honor, let me suggest this:

1 I would undertake to try and respond in under ten minutes.
2 In other words, I will sit down when ten minutes has expired,
3 unless your Honor prefers me to cover certain other points.

4 THE COURT: You all are so good. This is the
5 kind of day one would like to have gone on forever, with
6 some limitation.

7 MR. KIRBY: I would say this, your Honor:
8 I do think it is important for you to have more than what
9 is in our book labeled "The Palmer Affidavit." We have
10 pictures of the game play here. We show pictures taken
11 from the screen.

12 I do think since we have someone here who can
13 play this game, Donkey Kong, and I should say that while
14 the plaintiffs haven't amended their complaint, they now
15 have said in their response to the 3-G statement that
16 they consider Donkey Kong, Jr. to be part of our infringing
17 conduct -- to take a look at that game and that might take
18 more than -- I think your Honor would probably want to get
19 down there and watch the expert play that.

20 THE COURT: Do we all agree that Donkey Kong --
21 I mean that Junior and Donkey Kong are the same?

22 MR. FAIRHURST: Mr. Kirby is correct when he
23 said we didn't amend our complaint, but our prayer for
24 relief says Donkey Kong or any coloration of it.

25 THE COURT: Why don't you give me whatever

1 response you feel is appropriate, and then we will recess,
2 come back at two o'clock and just watch the games briefly,
3 and then we will be through.

4 MR. KIRBY: Your Honor, you might want to see
5 the last five minutes of the movie.

6 THE COURT: It probably is advisable to see the
7 last bit of King Kong and the remake. I did not see the
8 remake.

9 MR. KIRBY: Your Honor, it is difficult to
10 know where to begin after hearing Mr. Fairhurst, and I
11 really think that most of what he said has been dealt with
12 either in my argument or in the briefs, but I would like
13 to focus, really, on two things. I am not going to argue
14 collateral estoppel. I think we have covered that and your
15 Honor can make the legal conclusions. But this attack on
16 RKO, who I hold no brief for, and Judge Real, who I hold
17 no brief for, as somehow being utterly confused and had
18 no idea what they were doing and that is why the Cooper
19 agreement doesn't reflect what they mean to say, but it
20 really does, when you get down to it, but it really does
21 convey a trademark, I think does have to be responded to.

22 The fact of the matter is that whether Judge
23 Real -- he is not an old man -- was some doddering idiot
24 who made these findings and he found it was part of the
25 English language, had no secondary meaning, he did that

1 because Universal convinced him of that.

2 THE COURT: Did he find that there was no
3 secondary meaning or did he simply find that it had gone
4 into the language?

5 MR. KIRBY: He found both. He found there was
6 no evidence of any secondary meaning here. In their
7 appellate brief RKO says Universal flooded the Court with
8 these unauthorized uses and said that proves it.
9 Judge Real found all three things --

10 THE COURT: I don't want to be unpleasant,
11 really, but is there or isn't there secondary meaning in
12 King Kong?

13 MR. KIRBY: There is no secondary meaning in
14 King Kong. That is our position.

15 Our position, however, in terms of resolving
16 the confusion issue, is as was done in the Warner Bros.
17 Superman case in this court two years ago. We will concede
18 for purposes of your looking at these that King Kong has
19 secondary meaning.

20 What is our position? King Kong has no secondary
21 meaning.

22 THE COURT: Then aren't we in the trap that
23 Mr. Fairhurst has constructed for us, that then we have to
24 try that issue?

25 MR. KIRBY: No, your Honor, you don't. You don't,

1 your Honor, for several reasons, and one reason is you have
2 to consider and decide the collateral and judicial estoppel.
3 Two, you have to decide whether if it had secondary meaning
4 they acquired it, whether or not there was a trademark
5 conveyed, and they go back to this judgment, the one that
6 is still here.

7 THE COURT: If I understand their position, it
8 is "We have an agreement, we have all the Cooper rights, which
9 although they didn't say they were trademark rights, were
10 in fact trademark rights and that was recognized."

11 They have a little difficulty, for Judge Real
12 at the same time said there was no secondary meaning.
13 So that creates a problem. That's what they say is their
14 trademark, that Cooper had it and now they have it.

15 MR. KIRBY: And I am saying that as a matter
16 of law that doesn't work that way. I am saying, number one,
17 forget now the arguments, the findings, which were
18 quite explicit, Universal went into court and said,
19 "Judge, the judgment you are going to enter, which at
20 this point we don't own, the judgment for Cooper, be
21 very careful because as that judgment is written it looks
22 like you might be invading the finding that it is in
23 the public domain and nobody has any more rights."

24 They proposed, and this is one of the exhibits
25 in the O'Neill affidavit, Universal's objections to findings

1 of fact, and it says, "The Court indicated that it's findings
2 and conclusion on the Cooper cross-complaint were subordinate
3 to its findings and conclusions on Universal's complaint.
4 This is logical, of course, since Cooper can't be the owner
5 vis-a-vis anyone, including RKO, of any rights in King
6 Kong after those rights passed into the public domain."

7 After making this argument to the Court and
8 proposing what he should say in this Cooper judgment they
9 didn't own, Judge Real then modified his findings and he
10 modified the judgment. He did two specific things: He
11 said these findings of fact, and this is his finding and
12 conclusion 25, declared the rights as between Richard Cooper
13 and RKO and do not affect any other entity or person trying
14 to guard against it being held that he was giving a trade-
15 mark right, and then he said in the judgment, "This
16 judgment shall not affect the findings that the serialization
17 and novel King Kong are in the public domain."

18 I agree with Mr. Fairhurst, and we started out
19 this way, and your Honor can read the documents, but don't
20 read them thinking Judge Real was an idiot or that Universal
21 was cleverly misleading him or RKO was bumbling around.
22 Everybody knew exactly what they were doing, and in
23 particular Universal was determined that he should not give
24 Mr. Cooper in the judgment Cooper was getting against RKO
25 anything that smacked of a trademark.

1 so there was not at that time by that judge
2 a conveyance of a trademark, and we say again that as a
3 matter of law that it can't be done that way without
4 collecting and attaching some of the good will. The
5 Court could have, and we know he didn't because he wasn't
6 trying to, written a judgment that would have effectively
7 conveyed a trademark. He could have said things like
8 trademark and good will and wouldn't have said this judgment
9 doesn't affect anybody else, this is more than a contract
10 action between RKO and Cooper.

11 Let me pass that point, because as for all those
12 reasons, the collateral or judicial estoppel, because they
13 didn't get it and because of the effective splitting of
14 rights -- we have given the citations in our brief, but
15 this idea that somehow it is clear that everybody knows is
16 not true.

17 Universal's own people -- and Regan, the witness
18 from RKO says, "This is a fuzzy area. We don't know
19 who owns what."

20 And I am not surprised, your Honor, because
21 today I must say I thought my capacity for astonishment
22 had been exhausted, but I believe I heard Mr. Fairhurst
23 say several times, "What are you all so worried about,
24 about what my trademark is? At least it is King Kong,
25 the words."

1 We don't have to look at movies to know anything
2 about that, and if we have one product here, indeed their
3 only product, and you look at this and if we put out a lot
4 more with this ape on it, then this ape is going to become
5 our trademark.

6 I have asked in depositions, interrogatories,
7 "Where is your trademark?" I think that is a question
8 lawyers can ask, and a question also that the sophisticated
9 buying public who says, "We would like to get a license
10 from you," could ask, and if people are going to recognize
11 it as a source, it should be established, and now today
12 we find we are not talking about symbols any more, we are
13 talking about the word "King Kong," and that is not what
14 that says on that game.

15 Your Honor, fifty years ago the first King Kong
16 movie came out. In the normal course of things when someone
17 wants to develop a trademark they take themselves down and
18 they register a trademark. Your Honor has not heard any
19 claims that they are relying on a registered trademark,
20 that there is use and they have shown the other things
21 necessary to have a registration. They specifically
22 disavow relying on it, and for good reason: They did not
23 apply for any until after this lawsuit had started, and
24 two of the three they applied for after this lawsuit
25 they have abandoned, and the only one -- they have two now,

1 one an assignment which they say is not with respect to
2 any products currently being merchandized, from an old RKO
3 licensee, Mego, and the other which they just got for the
4 words King Kong pasted across a digital watch which they
5 have not really sold yet.

6 If they had a trademark, if there were something
7 else here other than a famous movie, which is not a trade-
8 mark, with a famous character, who is not a trademark,
9 with a famous story that is reminiscent of many other beauty
10 and the beast stories, but is a prototypical story with
11 other combinations of events, but is not a trademark,
12 wouldn't they have registered something, have some products
13 here?

14 No, they don't have these things because today
15 at long last they are saying, "Our trademark is just the
16 word King Kong," and if that is so, your Honor, it is
17 perfectly appropriate under the law in this circuit and the
18 law in this district for your Honor to say King Kong, a
19 judgment outstanding -- Judge Real could have done something
20 about it in '81, Mr. Fairhurst says, and he could have --
21 Universal owned it, and if they wanted something done with
22 that judgment to make clear what he was doing when they had
23 it reinstated in 1981, Universal could have said, "Judge
24 Real, by the way, do you remember that stuff we got into in
25 1976 about no trademarks and no secondary meaning? Let's

1 delete these paragraphs because that might confuse them and
2 maybe you better add another one that says, "What you are
3 giving Cooper is trademark rights."

4 They didn't want to do that. They preferred
5 to come to another district three thousand miles away and
6 argue there was a trademark conveyed by that judgment.

7 Your Honor, we have the literally astounding
8 thing of someone coming here saying, "We have to have a
9 trial because at the trial I will figure out what our trade-
10 mark is. At our trial I will get Mr. Regan in there and
11 show you some of those products. None of them are out there
12 being sold, there is no outstanding merchandising going on,
13 but for this King Kong home video game," which started as
14 a knock-off of Donkey Kong and Universal wrote letters and
15 said, "Please don't invade Nintendo's copyrights, make it a
16 different game."

17 They are coming in and saying we have to have
18 a trial? Your Honor, I think that crosses the line. I
19 think if they owned a trademark, they would have been able
20 to tell us right at the very beginning what it was.

21 The name King Kong is a title. It couldn't
22 have been a trademark anyway unless secondary meaning was
23 attached to it.

24 These movies can't be trademarks. They have to
25 develop secondary meaning. 1976 found it wasn't. 1981,

1 a judgment they owned was reinstated and said it didn't
2 affect the rights of anyone else, and they are now telling
3 us, "Have a trial so we can figure it out."

4 Your Honor, that is an imposition on the
5 defendants here, an imposition on the defendants who in a
6 faddish business will see their television series begin
7 this fall, which may revive sales of the game, revive
8 their licensed products. It is an imposition on the
9 Court who is being asked to disregard the events of '76
10 through '81 to disregard, your Honor, that they have had
11 before them clearly labeled commercial use, trademark, direct
12 trademark uses here.

13 Your Honor pointed to this "I would rather be
14 playing scrabble." That is clearly evocative of King
15 Kong.

16 We go page after page of these things here,
17 and they didn't in response to the summary judgment motion
18 say, "Kirby, that is nonsense. Those are licensed products."
19 They are not licensed products. We put them in here
20 because we knew they were not licensed.

21 They didn't make any response that raises a
22 material issue of fact as to all these uses commercially.
23 They didn't raise a material issue of fact as to all the
24 registered uses of King Kong.

25 Mr. Fairhurst doesn't believe Brown when they

1 say they were using King Kong ten years before the movie.
2 Coudert Brothers said, "RKO, you better forget it. You
3 can't attack that registration now."

4 It sounds like in trademark cases you ought
5 to have trials, they say, you shouldn't decide collateral
6 estoppel, you shouldn't decide judicial estoppel, shouldn't
7 decide looking at the documents whether those documents,
8 Judge Real's order and that agreement, conveyed a trademark
9 to Universal, you shouldn't decide looking at all the
10 unregistered uses before the Court unchallenged by anything
11 they have done and the way you do things in a summary
12 judgment motion that Judge REal was right, because, yes,
13 once a word is used, once it becomes a classic, it is
14 not generic in the sense exactly that Thermos or that
15 Xerox was threatening to be before they started a lot of
16 advertising trying to stop it, but what it is, it is once
17 again the character, not a trademark, the title, not a
18 trademark, the story, not a trademark, and, most importantly
19 here, aside from the unregistered uses, but a metaphore
20 for all kinds of different things, and it comes under the
21 language as something when you say, "Boy, he looks like
22 King Kong," or "That one is acting like King Kong," or
23 "That ballplayer hits like King Kong," and everybody
24 understands, just like when we look at the scrabble thing,
25 what they are talking about.

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1 It is a classic and has become a classic not
2 because of anything Universal did or Mr. Cooper did. It
3 became something because of those movies. It is out there.
4 Good will, not theirs. They don't have a trademark
5 and they come into court and swish around again on what
6 they say their trademark is, and, your Honor, you don't
7 have to have a trial here.

8 On the intent issue, we have made one statement
9 about that only, your Honor.

10 If you read the testimony elicited on cross-
11 examination in Japan by Mr. Fairhurst and if at the end
12 of the reading that you believe, reading that and judging
13 that and balancing the way you would have to do here, that
14 that indicates some likelihood that these guys were out
15 to rip off Universal or the anonymous source of the King
16 Kong movie, then I agree that we have an issue and I agree
17 at that point I will have to bring those people over here and
18 we will put them on the witness stand and let Mr. Fairhurst
19 recross them, but that is the only source of testimony
20 that they have advanced on bad faith.

21 On the other hand, if you read it and at the
22 conclusion of that you see a bunch of guys who certainly
23 knew about King Kong and you infer everything, you infer
24 they testified they didn't have access, one of them testified
25 he had not actually seen the -- make the inference against

1 them and say he may not remember, but he did see it, he had
2 it in mind, but then read and determine under the cases
3 cited whether the testimony given amounts to the intent
4 to steal, the essence of a taking here. That is what we
5 are saying your Honor should do with respect to that
6 testimony. Otherwise, we can have a trial.

7 I would like to have their direct testimony,
8 but that is an imposition on everyone.

9 Well, your Honor, I didn't keep my promise.
10 When should we see you again?

11 MR. FAIRHURST: One point, your Honor: In the
12 findings on the secondary meaning, the other finding
13 submitted by Universal was that there was no secondary
14 meaning in the word King Kong and Mr. Kirby stressed that
15 several times.

16 When Judge Real interlineated between the words
17 there is no secondary meaning, he is the one who put in
18 there is no evidence of secondary meaning, and to the
19 extent that one has to read tea leaves to devine what's
20 in the good judge's mind, that is a leaf, and I want you
21 to be aware of it.

22 THE COURT: Those who are interested in playing
23 and watching movies and games, we will resume at 2:15.

24 (Luncheon recess)
25

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AFTERNOON SESSION

2:30 p.m.

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3 THE COURT: We will see the two movies and we
4 will not have anything transcribed during that period, and
5 then get the court reporter back, and hopefully you
6 gentlemen will describe what it is we have seen, not the
7 games -- well, maybe you can describe the games a little
8 bit too.

9 MR. KIRBY: I would like to intrdouce a Nintendo
10 employee, Jerry Mommmoda. Mr. Mommmoda can play these
11 games at alevel of expertise that is somewhat higher than
12 mine, shall we say.

13 THE COURT: I am going to come down so that
14 I can be at the operating level.

15 (Pause)

16 THE COURT: I will rely on the description of
17 the games, and as far as the movies are concerned, there
18 is no script or description of them, is there?

19 MR. KIRBY: There is a publication called
20 The King Kong Story that has a number of the scenes from the
21 movie, plus a description of the plot, which I will show
22 to Mr. --

23 MR. FAIRHURST: I have a copy of that. I
24 think for the record maybe it should reflect that your Honor
25 did see the closing scenes from both motion pictures,

1 including, in both cases, from the time when King Kong
2 begins his climb of the Empire State Building in the former,
3 and the World Trade Center Building in the latter, to the
4 end of the picture.

5 THE COURT: Thank you all. A very interesting
6 argument and problem, and as you might have anticipated,
7 I am going to reserve decision.
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